UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the fiscal year ended December 31, 2021

OR

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

Commission File Number	Registrant; State of Incorporation; Address and Telephone Number	IRS Employer Identification No.
1-11459	**PPL Corporation** (Exact name of Registrant as specified in its charter) Pennsylvania Two North Ninth Street Allentown, PA 18101-1179 (610) 774-5151	23-2758192
1-905	**PPL Electric Utilities Corporation** (Exact name of Registrant as specified in its charter) Pennsylvania Two North Ninth Street Allentown, PA 18101-1179 (610) 774-5151	23-0959590
1-2893	**Louisville Gas and Electric Company** (Exact name of Registrant as specified in its charter) Kentucky 220 West Main Street Louisville, KY 40202-1377 (502) 627-2000	61-0264150
1-3464	**Kentucky Utilities Company** (Exact name of Registrant as specified in its charter) Kentucky and Virginia One Quality Street Lexington, KY 40507-1462 (502) 627-2000	61-0247570

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s):	Name of each exchange on which registered
Common Stock of PPL Corporation	PPL	New York Stock Exchange
Junior Subordinated Notes of PPL Capital Funding, Inc. 2007 Series A due 2067	PPL/67	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Common Stock of PPL Electric Utilities Corporation

Indicate by check mark if the registrants are a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

PPL Corporation	Yes	☒	No	☐
PPL Electric Utilities Corporation	Yes	☒	No	☐
Louisville Gas and Electric Company	Yes	☐	No	☒
Kentucky Utilities Company	Yes	☐	No	☒

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

PPL Corporation	Yes	☐	No	☒
PPL Electric Utilities Corporation	Yes	☐	No	☒
Louisville Gas and Electric Company	Yes	☐	No	☒
Kentucky Utilities Company	Yes	☐	No	☒

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

PPL Corporation	Yes	☒	No	☐
PPL Electric Utilities Corporation	Yes	☒	No	☐
Louisville Gas and Electric Company	Yes	☒	No	☐
Kentucky Utilities Company	Yes	☒	No	☐

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

PPL Corporation	Yes	☒	No	☐
PPL Electric Utilities Corporation	Yes	☒	No	☐
Louisville Gas and Electric Company	Yes	☒	No	☐
Kentucky Utilities Company	Yes	☒	No	☐

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

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
PPL Corporation	☒	☐	☐	☐	☐
PPL Electric Utilities Corporation	☐	☐	☒	☐	☐
Louisville Gas and Electric Company	☐	☐	☒	☐	☐
Kentucky Utilities Company	☐	☐	☒	☐	☐

If emerging growth companies, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

PPL Corporation	☐
PPL Electric Utilities Corporation	☐
Louisville Gas and Electric Company	☐
Kentucky Utilities Company	☐

Indicate by check mark whether each registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

PPL Corporation	☒
PPL Electric Utilities Corporation	☐
Louisville Gas and Electric Company	☐
Kentucky Utilities Company	☐

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

PPL Corporation	Yes	☐	No	☒
PPL Electric Utilities Corporation	Yes	☐	No	☒
Louisville Gas and Electric Company	Yes	☐	No	☒
Kentucky Utilities Company	Yes	☐	No	☒

As of June 30, 2021, PPL Corporation had 769,564,404 shares of its $0.01 par value Common Stock outstanding. The aggregate market value of these common shares (based upon the closing price of these shares on the New York Stock Exchange on that date) held by non-affiliates was $21,524,716,380. As of January 31, 2022, PPL Corporation had 735,361,885 shares of its $0.01 par value Common Stock outstanding.

As of January 31, 2022, PPL Corporation held all 66,368,056 outstanding common shares, no par value, of PPL Electric Utilities Corporation.

As of January 31, 2022, LG&E and KU Energy LLC held all 21,294,223 outstanding common shares, no par value, of Louisville Gas and Electric Company.

As of January 31, 2022, LG&E and KU Energy LLC held all 37,817,878 outstanding common shares, no par value, of Kentucky Utilities Company.

PPL Electric Utilities Corporation, Louisville Gas and Electric Company and Kentucky Utilities Company meet the conditions set forth in General Instructions (I)(1)(a) and (b) of Form 10-K and are therefore filing this form with the reduced disclosure format.

Documents incorporated by reference:

PPL Corporation has incorporated herein by reference certain sections of PPL Corporation's 2022 Notice of Annual Meeting and Proxy Statement, which will be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2021 and which will provide the information required by Part III of this Report.

PPL CORPORATION
PPL ELECTRIC UTILITIES CORPORATION
LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

FORM 10-K ANNUAL REPORT TO
THE SECURITIES AND EXCHANGE COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

GLOSSARY OF TERMS AND ABBREVIATIONS

PPL Corporation and its subsidiaries

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

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

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

LKS - LG&E and KU Services Company, a subsidiary of LKE that provides administrative, management and support services primarily to LG&E and KU, as well as to LKE and its other subsidiaries.

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

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

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

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

PPL Energy Holdings - PPL Energy Holdings, LLC, a subsidiary of PPL and the parent holding company of PPL Energy Funding, LKE and other subsidiaries. As of January 1, 2022, PPL Energy Holdings became the parent holding company of PPL Electric and PPL Services.

PPL EU Services - PPL EU Services Corporation, a subsidiary of PPL that provided administrative, management and support services primarily to PPL Electric. On December 31, 2021, PPL EU Services merged into PPL Services.

PPL Global - PPL Global, LLC, a subsidiary of PPL Energy Funding that, prior to the sale of the U.K. utility business on June 14, 2021, primarily through its subsidiaries, owned and operated WPD, PPL's regulated electricity distribution businesses in the U.K. PPL Global was not included in the sale of the U.K. utility business on June 14, 2021.

PPL Rhode Island Holdings - PPL Rhode Island Holdings, LLC, a subsidiary of PPL Energy Holdings formed for the purpose of acquiring Narragansett Electric to which certain interests of PPL Energy Holdings in the Narragansett SPA were assigned.

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

PPL WPD Limited - PPL WPD Limited, a U.K. subsidiary of PPL Global. Prior to the sale of the U.K. utility business on June 14, 2021, PPL WPD Limited was an indirect parent to WPD. PPL WPD Limited was not included in the sale of the U.K. utility business on June 14, 2021.

Safari Energy - Safari Energy, LLC, a subsidiary of PPL that provides solar energy solutions for commercial customers in the U.S.

Other terms and abbreviations

£ - British pound sterling.

401(h) account(s) - a sub-account established within a qualified pension trust to provide for the payment of retiree medical costs.

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

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

Act 129 Smart Meter program - PPL Electric's system-wide meter replacement program that installs wireless digital meters that provide secure communication between PPL Electric and the meter as well as all related infrastructure.

Adjusted Gross Margins - a non-GAAP financial measure of performance used in "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" (MD&A).

Advanced Metering Infrastructure - meters and meter reading infrastructure that provide two-way communication capabilities, which communicate usage and other relevant data to LG&E and KU at regular intervals, and are also able to receive information from LG&E and KU, such as software upgrades and requests to provide meter readings in real time.

AFUDC - allowance for funds used during construction. The cost of equity and debt funds used to finance construction projects of regulated businesses, which is capitalized as part of construction costs.

AOCI - accumulated other comprehensive income or loss.

ARO - asset retirement obligation.

ATM Program - at-the-market stock offering program.

Cane Run Unit 7 - a natural gas combined-cycle generating unit in Kentucky, jointly owned by LG&E and KU.

CCR(s) - coal combustion residual(s). CCRs include fly ash, bottom ash and sulfur dioxide scrubber wastes.

CDP - a not-for-profit organization based in the United Kingdom formerly known as the Carbon Disclosure Project; that runs the global disclosure system that enables investors, companies, cities, states and regions to measure and manage their environmental impacts.

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

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

COVID-19 - the disease caused by the novel coronavirus identified in 2019 that has caused a global pandemic.

CPCN - Certificate of Public Convenience and Necessity. Authority granted by the KPSC pursuant to Kentucky Revised Statute 278.020 to provide utility service to or for the public or the construction of certain plant, equipment, property or facility for furnishing of utility service to the public. A CPCN is required for any capital addition, subject to KPSC jurisdiction, in excess of $100 million.

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

DDCP - Directors Deferred Compensation Plan.

DNO - Distribution Network Operator in the U.K.

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

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

DSM - Demand Side Management. Pursuant to Kentucky Revised Statute 278.285, the KPSC may determine the reasonableness of DSM programs proposed by any utility under its jurisdiction. DSM programs consist of energy efficiency programs intended to reduce peak demand and delay the investment in additional power plant construction, provide customers with tools and information regarding their energy usage and support energy efficiency.

Earnings from Ongoing Operations - a non-GAAP financial measure of earnings adjusted for the impact of special items and used in "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" (MD&A).

EBPB - Employee Benefit Plan Board. The administrator of PPL's U.S. qualified retirement plans, which is charged with the fiduciary responsibility to oversee and manage those plans and the investments associated with those plans.

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

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

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

EPS - earnings per share.

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

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

GBP - British pound sterling.

GHG(s) - greenhouse gas(es).

GLT - gas line tracker. The KPSC approved mechanism for LG&E's recovery of costs associated with gas transmission lines, gas service lines and leak mitigation.

Green Tariff - a KPSC approved rate schedule, permitting customers to contract with LG&E or KU for the purchase of renewable energy certificates, construction of solar generation and use of the energy produced, or the purchase of energy from a renewable energy generator.

GWh - gigawatt-hour, one million kilowatt hours.

IBEW - International Brotherhood of Electrical Workers.

ICP - The PPL Incentive Compensation Plan. This plan provides for incentive compensation to PPL's executive officers and certain other senior executives. New awards under the ICP were suspended in 2012 upon adoption of PPL's 2012 Stock Incentive Plan.

ICPKE - The PPL Incentive Compensation Plan for Key Employees. The ICPKE provides for incentive compensation to certain employees below the level of senior executive.

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

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

KU 2010 Mortgage Indenture - KU's Indenture, dated as of October 1, 2010, to The Bank of New York Mellon, as supplemented.

kVA - kilovolt ampere.

kWh - kilowatt hour, basic unit of electrical energy.

LCIDA - Lehigh County Industrial Development Authority.

LG&E 2010 Mortgage Indenture - LG&E's Indenture, dated as of October 1, 2010, to The Bank of New York Mellon, as supplemented.

LIBOR - London Interbank Offered Rate.

Mcf - one thousand cubic feet, a unit of measure for natural gas.

MMBtu - one million British Thermal Units.

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

MW - megawatt, one thousand kilowatts.

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

Narragansett Electric - The Narragansett Electric Company, an entity that serves electric and natural gas customers in Rhode Island. In March 2021, PPL and its subsidiary, PPL Energy Holdings announced a pending acquisition of Narragansett Electric.

NERC - North American Electric Reliability Corporation.

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

OCI - other comprehensive income or loss.

OVEC - Ohio Valley Electric Corporation, located in Piketon, Ohio, an entity in which LG&E owns a 5.63% interest and KU owns a 2.50% interest, which are recorded at cost. OVEC owns and operates two coal-fired power plants, the Kyger Creek plant in Ohio and the Clifty Creek plant in Indiana, with combined capacities of 2,120 MW.

PEDFA - Pennsylvania Economic Development Financing Authority.

Performance unit - stock-based compensation award that represents a variable number of shares of PPL common stock that a recipient may receive based on PPL's attainment of (i) relative total shareowner return (TSR) over a three-year performance period as compared to companies in the PHLX Utility Sector Index; or (ii) corporate return on equity (ROE) based on the average of the annual ROE for each year of the three-year performance period. In light of the transformational nature of the potential sale of the U.K. utility business in 2021, PPL's ROE-based performance units issued for 2021 were based on a one-year performance period from January 1, 2021 to December 31, 2021; however, these units retained the three year vesting schedule and other characteristics.

PJM - PJM Interconnection, L.L.C., operator of the electricity transmission network and electricity energy market in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia.

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

PP&E - property, plant and equipment.

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

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

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

PPL WPD Investments Limited - PPL WPD Investments Limited, which was, prior to the sale of the U.K. utility business on June 14, 2021, a subsidiary of PPL WPD Limited and parent to WPD plc. PPL WPD Investments Limited was included in the sale of the U.K. utility business on June 14, 2021.

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

RCRA - Resource Conservation and Recovery Act of 1976.

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

Riverstone - Riverstone Holdings LLC, a Delaware limited liability company and, as of December 6, 2016, ultimate parent company of the entities that own the competitive power generation business contributed to Talen Energy.

RTO - Regional Transmission Operator, an electric power transmission system operator that coordinates, controls and monitors a multi-state electric grid.

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

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

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

SIP - PPL Corporation's Amended and Restated 2012 Stock Incentive Plan.

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

S&P - S&P Global Ratings, a credit rating agency.

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

Talen Energy - Talen Energy Corporation, the Delaware corporation formed to be the publicly traded company and owner of the competitive generation assets of PPL Energy Supply and certain affiliates of Riverstone, which as of December 6, 2016, became wholly owned by Riverstone.

Talen Energy Marketing - Talen Energy Marketing, LLC, the successor name of PPL EnergyPlus, after the spinoff of PPL Energy Supply that marketed and traded wholesale and retail electricity and gas, and supplied energy and energy services in competitive markets, after the June 1, 2015 spinoff of PPL Energy Supply.

TCJA - Tax Cuts and Jobs Act. Comprehensive U.S. federal tax legislation enacted on December 22, 2017.

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

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

U.K. utility business - PPL WPD Investments Limited and its subsidiaries, including, notably, WPD plc and the four DNOs, which substantially represented PPL's U.K. Regulated segment. The U.K. utility business was sold on June 14, 2021.

VEBA - Voluntary Employee Beneficiary Association. A tax-exempt trust under the Internal Revenue Code Section 501 (c)(9) used by employers to fund and pay eligible medical, life and similar benefits.

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

WPD - Prior to the sale of the U.K. utility business on June 14, 2021, refers to PPL WPD Limited and its subsidiaries. WPD was included in the sale of the U.K. utility business on June 14, 2021.

WPD (East Midlands) - Western Power Distribution (East Midlands) plc, a British regional electricity distribution utility company. WPD (East Midlands) was included in the sale of the U.K. utility business on June 14, 2021.

WPD plc - Western Power Distribution plc, a U.K. indirect subsidiary of PPL WPD Limited. Its principal indirectly owned subsidiaries are WPD (East Midlands), WPD (South Wales), WPD (South West) and WPD (West Midlands). WPD plc was included in the sale of the U.K. utility business on June 14, 2021.

WPD Midlands - refers to WPD (East Midlands) and WPD (West Midlands), collectively. WPD Midlands was included in the sale of the U.K. utility business on June 14, 2021.

WPD (South Wales) - Western Power Distribution (South Wales) plc, a British regional electricity distribution utility company. WPD (South Wales) was included in the sale of the U.K. utility business on June 14, 2021.

WPD (South West) - Western Power Distribution (South West) plc, a British regional electricity distribution utility company. WPD (South West) was included in the sale of the U.K. utility business on June 14, 2021.

WPD (West Midlands) - Western Power Distribution (West Midlands) plc, a British regional electricity distribution utility company. WPD (West) Midlands) was included in the sale of the U.K. utility business on June 14, 2021.

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Forward-looking Information

Statements contained in this Annual Report concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact are "forward-looking statements" within the meaning of the federal securities laws. Although the Registrants believe that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that these expectations will prove to be correct. Forward-looking statements are subject to many risks and uncertainties, and actual results may differ materially from the results discussed in forward-looking statements. In addition to the specific factors discussed in "Item 1A. Risk Factors" and in "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report, the following are among the important factors that could cause actual results to differ materially and adversely from the forward-looking statements:

- strategic acquisitions, dispositions, or similar transactions, including the pending acquisition of Narragansett Electric, and our ability to consummate these business transactions or realize expected benefits from them;
- the COVID-19 pandemic and its continuing impact on economic conditions, financial markets and supply chains;
- other pandemic health events or other catastrophic events such as fires, earthquakes, explosions, floods, droughts, tornadoes, hurricanes and other extreme weather-related events (including events potentially caused or exacerbated by climate change);
- the outcome of rate cases or other cost recovery or revenue proceedings;
- the direct or indirect effects on PPL or its subsidiaries or business systems of cyber-based intrusion or the threat of cyberattacks;
- significant decreases in demand for electricity;
- expansion of alternative and distributed sources of electricity generation and storage;
- the effectiveness of our risk management programs, including interest rate hedging;
- defaults by counterparties or suppliers for energy, capacity, coal, natural gas or key commodities, goods or services;
- capital market conditions, including the availability of capital, credit or insurance, changes in interest rates and certain economic indices, and decisions regarding capital structure;
- a material decline in the market value of PPL's equity;
- significant decreases in the fair value of debt and equity securities and their impact on the value of assets in defined benefit plans, and related potential cash funding requirements if the fair value of those assets decline;
- interest rates and their effect on pension and retiree medical liabilities, ARO liabilities and interest payable on certain debt securities;
- volatility in or the impact of other changes in financial markets and economic conditions, including inflation;
- the potential impact of any unrecorded commitments and liabilities of the Registrants and their subsidiaries;
- new accounting requirements or new interpretations or applications of existing requirements;
- changes in the corporate credit ratings or securities analyst rankings of the Registrants and their securities;
- any requirement to record impairment charges pursuant to GAAP with respect to any of our significant investments;
- laws or regulations to reduce emissions of GHGs or the physical effects of climate change;
- continuing ability to access fuel supply for LG&E and KU, as well as the ability to recover fuel costs and environmental expenditures in a timely manner at LG&E and KU and natural gas supply costs at LG&E;
- weather and other conditions affecting generation, transmission and distribution operations, operating costs and customer energy use;
- war, armed conflicts, terrorist attacks, or similar disruptive events;
- changes in political, regulatory or economic conditions in states, regions or countries where the Registrants or their subsidiaries conduct business;
- receipt of necessary governmental permits and approvals;
- changes in state or federal tax laws or regulations;
- changes in state, federal or foreign legislation or regulatory developments;
- the impact of any state, federal or foreign investigations applicable to the Registrants and their subsidiaries and the energy industry;
- our ability to attract and retain qualified employees;
- the effect of any business or industry restructuring;
- development of new projects, markets and technologies;
- performance of new ventures;
- collective labor bargaining negotiations; and
- the outcome of litigation involving the Registrants and their subsidiaries.

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

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

PART I

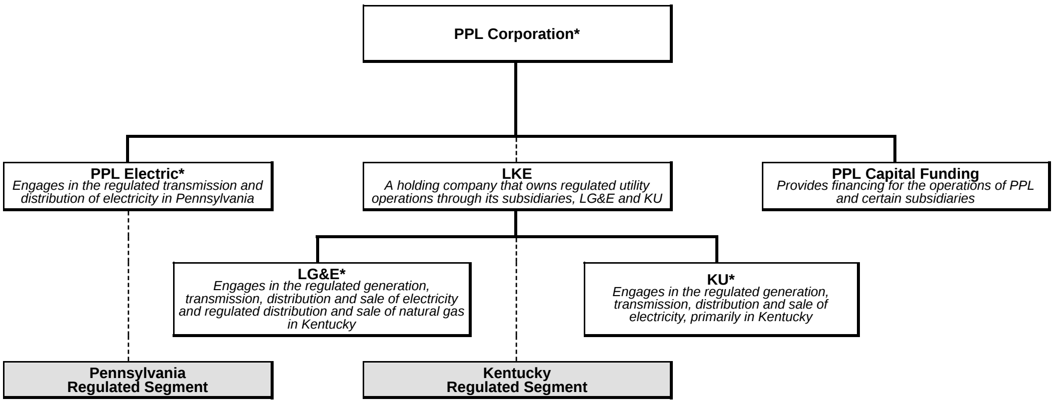
ITEM 1. BUSINESS

General

(All Registrants)

PPL, headquartered in Allentown, Pennsylvania, is a utility holding company, incorporated in 1994, in connection with the deregulation of electricity generation in Pennsylvania, to serve as the parent company to the regulated utility, PPL Electric, and to generation and other unregulated business activities. PPL, through its regulated utility subsidiaries, delivers electricity to customers in Pennsylvania, Kentucky and Virginia; delivers natural gas to customers in Kentucky; and generates electricity from power plants in Kentucky.

PPL's principal subsidiaries at December 31, 2021 are shown below (* denotes a Registrant).



In addition to PPL, the other Registrants included in this filing are as follows.

PPL Electric, headquartered in Allentown, Pennsylvania, is a wholly owned subsidiary of PPL and a regulated public utility that is an electricity transmission and distribution service provider in eastern and central Pennsylvania. PPL Electric is subject to regulation as a public utility by the PUC, and certain of its transmission activities are subject to the jurisdiction of the FERC under the Federal Power Act. PPL Electric delivers electricity in its Pennsylvania service area and provides electricity supply to retail customers in that area as a PLR under the Customer Choice Act. PPL Electric was organized in 1920 as Pennsylvania Power & Light Company.

LG&E, headquartered in Louisville, Kentucky, is a wholly owned subsidiary of LKE and a regulated utility engaged in the generation, transmission, distribution and sale of electricity and distribution and sale of natural gas in Kentucky. LG&E is subject to regulation as a public utility by the KPSC, and certain of its transmission activities are subject to the jurisdiction of the FERC under the Federal Power Act. LG&E was incorporated in 1913.

KU, headquartered in Lexington, Kentucky, is a wholly owned subsidiary of LKE and a regulated utility engaged in the generation, transmission, distribution and sale of electricity in Kentucky and Virginia. KU is subject to regulation as a public utility by the KPSC and the VSCC, and certain of its transmission and wholesale power activities are subject to the jurisdiction of the FERC under the Federal Power Act. KU serves its Kentucky customers under the KU name and its Virginia customers under the Old Dominion Power name. KU was incorporated in Kentucky in 1912 and in Virginia in 1991.

Segment Information

(PPL)

PPL is organized into two reportable segments as depicted in the chart above: Kentucky Regulated, which primarily represents the results of LG&E and KU, and Pennsylvania Regulated, which primarily represents the results of PPL Electric. "Corporate and Other" primarily includes financing costs incurred at the corporate level that have not been allocated or assigned to the segments.

A comparison of PPL's Regulated segments is shown below.

	Kentucky Regulated	Pennsylvania Regulated
For the year ended December 31, 2021:		
Operating Revenues (in billions)	$ 3.3	$ 2.4
Net Income (in millions)	$ 468	$ 445
Electricity delivered (GWh)	30,317	37,005
At December 31, 2021:		
Regulatory Asset Base (in billions) (a)	$ 11.3	$ 8.9
Service area (in square miles)	9,400	10,000
End-users (in millions)	1.3	1.4

(a) Represents capitalization for Kentucky Regulated and rate base for Pennsylvania Regulated.

See Note 2 to the Financial Statements for additional financial information by segment. The sale of the U.K. utility business, which substantially represented PPL's U.K. Regulated segment as reported in prior years, was completed on June 14, 2021, pursuant to a share purchase agreement entered into on March 17, 2021. As a result, PPL determined segment information for the U.K. Regulated segment would no longer be provided beginning with the Form 10-Q for the quarter ended March 31, 2021. See Note 9 to the Financial Statements for additional information.

(PPL Electric, LG&E and KU)

PPL Electric has two operating segments, distribution and transmission, which are aggregated into a single reportable segment. LG&E and KU are individually single operating and reportable segments.

Kentucky Regulated Segment *(PPL)*

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

(PPL, LG&E and KU)

LG&E and KU are engaged in the regulated generation, transmission, distribution and sale of electricity in Kentucky and, in KU's case, also Virginia. LG&E also engages in the distribution and sale of natural gas in Kentucky. LG&E provides electricity service to approximately 429,000 customers in Louisville and adjacent areas in Kentucky, covering approximately 700 square miles in nine counties and provides natural gas service to approximately 333,000 customers in its electricity service area and eight additional counties in Kentucky. KU provides electric service to approximately 538,000 customers in 77 counties in central, southeastern and western Kentucky and approximately 28,000 customers in five counties in southwestern Virginia, covering approximately 4,800 non-contiguous square miles. KU also sells wholesale electricity to two municipalities in Kentucky under load following contracts. See Note 3 to the Financial Statements for revenue information.

Franchises and Licenses

LG&E and KU provide electricity delivery service, and LG&E provides natural gas distribution service, in their respective service territories pursuant to certain franchises, licenses, statutory service areas, easements and other rights or permissions granted by state legislatures, cities or municipalities or other entities.

Competition

There are currently no other electric public utilities operating within the electricity service areas of LG&E and KU. From time to time, bills are introduced into the Kentucky General Assembly which seek to authorize, promote or mandate increased distributed generation, customer choice or other developments. Neither the Kentucky General Assembly nor the KPSC has adopted or approved a plan or timetable for retail electric industry competition in Kentucky. The nature or timing of legislative or regulatory actions, if any, regarding industry restructuring and their impact on LG&E and KU, which may be significant, cannot currently be predicted. Virginia, formerly a deregulated jurisdiction, has enacted legislation that implemented a hybrid model of cost-based regulation. KU's operations in Virginia have been and remain regulated.

Alternative energy sources such as electricity, oil, propane and other fuels indirectly impact LG&E's natural gas revenues. Marketers may also compete to sell natural gas to certain large end-users. LG&E's natural gas tariffs include gas price pass-through mechanisms relating to its sale of natural gas as a commodity. Therefore, customer natural gas purchases from alternative suppliers do not generally impact LG&E's profitability. Some large industrial and commercial customers, however, may physically bypass LG&E's facilities and seek delivery service directly from interstate pipelines or other natural gas distribution systems.

Power Supply

At December 31, 2021, LG&E owned generating capacity of 2,760 MW and KU owned generating capacity of 4,775 MW. See "Item 2. Properties - Kentucky Regulated Segment" for a complete list of generating facilities.

The system capacity of LG&E's and KU's owned generation is based upon several factors, including the operating experience and physical condition of the units, and may be revised periodically to reflect changes in circumstances.

During 2021, LG&E's and KU's power plants generated the following amounts of electricity:

	GWh	
Fuel Source	**LG&E**	**KU**
Coal	10,297	14,718
Gas	1,395	4,382
Hydro	263	89
Solar	7	12
Total (a)	11,962	19,201

(a) This generation represents increases for LG&E and KU of 4% and 5% from 2020 output.

The majority of LG&E's and KU's generated electricity was used to supply their retail customer bases.

LG&E and KU jointly dispatch their generation units with the lowest cost generation used to serve their customers. When LG&E has excess generation capacity after serving its own customers and its generation cost is lower than that of KU, KU purchases electricity from LG&E and vice versa.

Due to environmental requirements and energy efficiency measures, as of December 31, 2021, LG&E and KU have retired approximately 1,200 MW of coal-fired generation plants since 2010.

LG&E and KU received approval from the KPSC to develop a 4 MW Solar Share facility to service a Solar Share program. The Solar Share program is a voluntary program that allows customers to subscribe capacity in the Solar Share facility. Construction commences, in 500-kilowatt phases, when subscription is complete. Construction of four 500-kilowatt phases was completed as of December 31, 2021. The subscription for the fifth 500-kilowatt phase was completed with construction expected to be completed in 2022. LG&E and KU continue to market the program and have started receiving subscriptions for the sixth 500-kilowatt phase.

On January 23, 2020, LG&E and KU applied to the KPSC for approval of arrangements relating to the purchase of 100 MW of solar power in connection with the Green Tariff option established in the 2018 Kentucky base rate cases. Pursuant to the agreements, LG&E and KU would purchase the initial 20 years of output of a proposed third-party solar generation facility and resell the bulk of the power as renewable energy to two large industrial customers and use the remaining power for other customers. The generation facility is currently expected to be operational in the second quarter of 2023. On May 8, 2020, the KPSC issued an order approving LG&E’s and KU’s applications with certain modifications. LG&E and KU requested reconsideration of limited portions of the KPSC's Order and on December 16, 2020, the KPSC amended their original order.

PPL, LG&E and KU do not anticipate that these arrangements will have a significant impact on their results of operations or financial condition.

On October 6, 2021, LG&E and KU entered into an agreement to purchase the initial 20 years of output of a proposed 125 MW third-party solar generation facility in connection with the Green Tariff option established in the 2018 Kentucky base rate cases. Pursuant to the agreements, LG&E and KU would purchase output of the facility and resell power as renewable energy to certain large customers. The generation facility is currently expected to be operational in the fourth quarter of 2024. PPL, LG&E and KU do not anticipate that this agreement will have a significant impact on their results of operations or financial condition.

Fuel Supply

Coal and natural gas are expected to be the predominant fuels used by LG&E and KU for generation for the foreseeable future. Natural gas used for generation is primarily purchased using contractual arrangements separate from LG&E's natural gas distribution operations. Natural gas and oil are also used for intermediate and peaking capacity and flame stabilization in coal-fired boilers.

Fuel inventory is maintained at levels estimated to be necessary to avoid operational disruptions at coal-fired generating units. Reliability of coal deliveries can be affected from time to time by several factors including fluctuations in demand, coal mine production issues, high or low river level events, lock outages and other supplier or transporter operating or financial difficulties.

LG&E and KU have entered into coal supply agreements with various suppliers for coal deliveries through 2026 and augment their coal supply agreements with spot market purchases, as needed.

For their existing units, LG&E and KU expect, for the foreseeable future, to purchase most of their coal from western Kentucky, southern Indiana, southern Illinois, northern West Virginia and western Pennsylvania. LG&E and KU continue to purchase certain quantities of ultra-low sulfur content coal from Wyoming for blending at Trimble County Unit 2. Coal is delivered to the generating plants primarily by barge and rail.

To enhance the reliability of natural gas supply, LG&E and KU have secured firm long-term pipeline transport capacity services with contracts of various durations through 2024 on the interstate pipeline serving Cane Run Unit 7. This pipeline also serves the six simple cycle combustion turbine units located at the Trimble County site as well as two other simple cycle units at the Paddy's Run site. For the seven simple cycle combustion turbines at the E.W. Brown facility, no firm long-term pipeline transport capacity has been purchased due to the facility's connection to two interstate pipelines and some of the units having dual fuel capability.

LG&E and KU have firm contracts for a portion of the natural gas fuel for Cane Run Unit 7 through October 2024. The bulk of the natural gas fuel remains purchased on the spot market.

(PPL and LG&E)

Natural Gas Distribution Supply

Five underground natural gas storage fields, with a current working natural gas capacity of approximately 15 billion cubic feet (Bcf), are used to provide natural gas service to LG&E's firm sales customers. Natural gas is stored during the summer season for withdrawal during the following winter heating season. Without this storage capacity, LG&E would need to purchase additional natural gas and pipeline transportation services during winter months when customer demand increases and the prices for natural gas supply and transportation services are expected to be higher. At December 31, 2021, LG&E had 12 Bcf of natural gas stored underground with a carrying value of $54 million.

LG&E has a portfolio of supply arrangements of varying durations and terms that provide competitively priced natural gas designed to meet its firm sales obligations. These natural gas supply arrangements include pricing provisions that are market-responsive. In tandem with pipeline transportation services, these natural gas supplies provide the reliability and flexibility necessary to serve LG&E's natural gas customers.

LG&E purchases natural gas supply transportation services from two pipelines. LG&E has contracts with one pipeline that are subject to termination by LG&E between 2023 and 2026. Total winter season capacity under these contracts is 184,900 MMBtu/day and summer season capacity is 60,000 MMBtu/day. With this same pipeline, LG&E also has another contract for pipeline capacity through 2026 for 60,000 MMBtu/day during both the winter and summer seasons. LG&E has a single contract with a second pipeline with a total capacity of 20,000 MMBtu/day during both the winter and summer seasons that expires in 2023.

LG&E expects to purchase natural gas supplies for its gas distribution operations from onshore producing regions in South Texas, East Texas, North Louisiana and Arkansas, as well as gas originating in the Marcellus and Utica production areas.

(PPL, LG&E and KU)

Transmission

LG&E and KU contract with the Tennessee Valley Authority to act as their transmission reliability coordinator and contract with TranServ International, Inc. to act as their independent transmission organization.

Rates

LG&E is subject to the jurisdiction of the KPSC and FERC, and KU is subject to the jurisdiction of the KPSC, FERC and VSCC. LG&E and KU operate under a FERC-approved open access transmission tariff.

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 in Kentucky.

KU's Virginia base rates are calculated based on a return on rate base (net utility plant plus working capital less accumulated deferred income taxes and miscellaneous deductions). As all regulatory assets and liabilities, except for regulatory assets and liabilities related to the levelized fuel factor, accumulated deferred income taxes, pension and postretirement benefits, and AROs related to certain CCR impoundments, are excluded from the return on rate base utilized in the calculation of Virginia base rates, no return is earned on the related assets.

KU's rates to municipal customers for wholesale power requirements are calculated based on annual updates to a formula rate that utilizes a return on rate base (net utility plant plus working capital less accumulated deferred income taxes and miscellaneous deductions). As all regulatory assets and liabilities, except accumulated deferred income taxes, are excluded from the return on rate base utilized in the development of municipal rates, no return is earned on the related assets. In April 2014, certain municipalities submitted notices of termination to cease taking power under the wholesale requirements contracts. KU's service to eight municipalities terminated effective April 30, 2019. KU continues to provide service to two municipalities.

See "Financial and Operational Developments" in "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 7 to the Financial Statements for additional information on current rate proceedings and rate mechanisms.

Pennsylvania Regulated Segment *(PPL)*

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

(PPL and PPL Electric)

PPL Electric delivers electricity to approximately 1.4 million customers in a 10,000-square mile territory in 29 counties within eastern and central Pennsylvania. PPL Electric also provides electricity to retail customers in this territory as a PLR under the Customer Choice Act. See Note 3 to the Financial Statements for revenue information.

Franchise, Licenses and Other Regulations

PPL Electric is authorized to provide electric public utility service throughout its service area as a result of grants by the Commonwealth of Pennsylvania in corporate charters to PPL Electric and companies which it has succeeded, and as a result of certification by the PUC. PPL Electric is granted the right to enter the streets and highways by the Commonwealth subject to certain conditions. In general, such conditions have been met by ordinance, resolution, permit, acquiescence or other action by an appropriate local political subdivision or agency of the Commonwealth.

Competition

Pursuant to authorizations from the Commonwealth of Pennsylvania and the PUC, PPL Electric operates a regulated distribution monopoly in its service area. Accordingly, PPL Electric does not face competition in its electricity distribution business. Pursuant to the Customer Choice Act, generation of electricity is a competitive business in Pennsylvania, and PPL Electric does not own or operate any generation facilities.

The PPL Electric transmission business, operating under a FERC-approved PJM Open Access Transmission Tariff, is subject to competition pursuant to FERC Order 1000 from entities that are not incumbent PJM transmission owners with respect to the construction and ownership of transmission facilities within PJM.

Rates and Regulation

Transmission

PPL Electric's transmission facilities are within PJM, which operates the electricity transmission network and electric energy market in the Mid-Atlantic and Midwest regions of the U.S.

PJM serves as a FERC-approved Regional Transmission Operator (RTO) to promote greater participation and competition in the region it serves. In addition to operating the electricity transmission network, PJM also administers regional markets for energy, capacity and ancillary services. A primary objective of any RTO is to separate the operation of, and access to, the transmission grid from market participants that buy or sell electricity in the same markets. Electric utilities continue to own the transmission assets and to receive their share of transmission revenues, but the RTO directs the control and operation of the transmission facilities. Certain types of transmission investments are subject to competitive processes outlined in the PJM tariff.

As a transmission owner, PPL Electric's transmission revenues are recovered through PJM and billed in accordance with a FERC-approved Open Access Transmission Tariff that allows recovery of incurred transmission costs, a return on transmission-related plant and an automatic annual update based on 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, as reported in PPL Electric's annual FERC Form 1, filed under the FERC's Uniform System of Accounts. 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. Any change in the prior year PPL zonal peak load billing factor applied on January 1 of each year will result in an increase or decrease in revenue until the next annual rate update is effective on June 1 of that same year.

As a PLR, PPL Electric also purchases transmission services from PJM. See "PLR" below.

See "Financial and Operational Developments" in "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 7 to the Financial Statements for additional information on rate mechanisms and regulatory matters.

Distribution

PPL Electric's distribution base rates are calculated based on a return on rate base (net utility plant plus a cash working capital allowance less plant-related deferred taxes and other miscellaneous additions and deductions). All regulatory assets and liabilities, except accumulated deferred income taxes, are excluded from the return on rate base. Therefore, no return is earned on the related assets unless specifically provided for by the PUC. Currently, PPL Electric's Smart Meter rider and the DSIC are the only riders authorized to earn a return. Certain operating expenses are also included in PPL Electric's distribution base rates including wages and benefits, other operation and maintenance expenses, depreciation and taxes.

Pennsylvania's Alternative Energy Portfolio Standard (AEPS) requires electricity distribution companies and electricity generation suppliers to obtain from alternative energy resources a portion of the electricity sold to retail customers in Pennsylvania. Under the default service procurement plans approved by the PUC, PPL Electric purchases all of the alternative energy generation supply it needs to comply with the AEPS.

Act 129 created an energy efficiency and conservation program, a demand side management program, smart metering technology requirements, new PLR generation supply procurement rules, remedies for market misconduct and changes to the existing AEPS.

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 assets. PPL Electric utilized the fully projected future test year mechanism in its 2015 base rate proceeding. PPL has had the ability to utilize the DSIC recovery mechanism since July 2013.

See Note 7 to the Financial Statements for additional information on rate mechanisms and legislative and regulatory matters.

PLR

The Customer Choice Act requires electric distribution companies, including PPL Electric, or an alternative supplier approved by the PUC, to act as a PLR of electricity supply for customers who do not choose to shop for supply with a competitive supplier and provides that electricity supply costs will be recovered by the PLR pursuant to PUC regulations. In 2021, the following average percentages of PPL Electric's customer load were provided by competitive suppliers: 39% of residential, 79% of small commercial and industrial and 98% of large commercial and industrial customers. The PUC continues to favor expanding the competitive market for electricity.

PPL Electric’s electricity generation costs are established based upon the results of a competitive solicitation process. On December 17, 2020, the PUC approved PPL Electric’s default service plan for the period June 1, 2021 through May 31, 2025, which includes a total of eight solicitations for electricity supply held semiannually in April and October. The first two auctions of the plan were completed in 2021. This plan also includes eight solicitations for alternative energy credits held semiannually in January and July. Through January 2022, two alternative energy credit solicitations have been completed. All contracts from previous default service plans concluded on or before November 30, 2021.

Pursuant to the plans, PPL Electric contracts for all of the electricity supply for residential, commercial and industrial customers who elect to take default service from PPL Electric. These solicitations contain a mix of products including 5-year block energy contracts for residential customers, 6- and 12-month fixed-price load-following contracts for residential and small commercial and industrial customers, 12-month real-time pricing contracts for large commercial and industrial customers, and alternative energy credit contracts for residential, commercial and industrial customers. These contracts fulfill PPL Electric's obligation to provide customer electricity supply as a PLR.

Numerous alternative suppliers have offered to provide generation supply in PPL Electric's service area. As the cost of generation supply is a pass-through cost for PPL Electric, its financial results are not impacted if its customers purchase electricity supply from these alternative suppliers.

Corporate and Other *(PPL)*

PPL Services provides PPL subsidiaries with administrative, management and support services. The costs of these services are charged directly to the respective recipients for the services provided or indirectly charged to applicable recipients based on an average of the recipients' relative invested capital, operation and maintenance expenses and number of employees or a ratio of overall direct and indirect costs.

PPL Capital Funding provides financing for the operations of PPL and certain subsidiaries. PPL's growth in rate-regulated businesses provides the organization with an enhanced corporate level financing alternative, through PPL Capital Funding, that enables PPL to cost effectively support targeted credit profiles across all of PPL's rated companies. As a result, PPL utilizes PPL Capital Funding as a source of capital in financings, in addition to continued direct financing by certain operating subsidiaries.

Unlike PPL Services, PPL Capital Funding's costs are not generally charged to PPL subsidiaries. Costs are charged directly to PPL. However, PPL Capital Funding participated significantly in the financing for the acquisition of LKE and certain associated financing costs were allocated to the Kentucky Regulated Segment. Prior to 2021, the associated financing costs, as well as the financing costs associated with prior issuances of certain other PPL Capital Funding securities, were assigned to the appropriate segments for purposes of PPL management's assessment of segment performance. In 2021, corporate level financing costs are no longer allocated to the reportable segments. The financing costs associated primarily with PPL Capital Funding's securities issuances, with certain exceptions, have not been directly assigned or allocated to any segment.

The financial results of Safari Energy are also reported within Corporate and Other.

ENVIRONMENTAL MATTERS

(All Registrants)

The Registrants are subject to certain existing and developing federal, regional, state and local laws and regulations with respect to air and water quality, land use and other environmental matters, and may be subject to different and more stringent such laws and regulations enacted in the future. The EPA and other federal agencies with jurisdiction over environmental matters have issued numerous environmental regulations relating to air, water and waste that directly affect the electric power industry. Due to these environmental issues, it may be necessary for the Registrants to modify or cease certain operations or operation of certain facilities to comply with statutes, regulations and other requirements of regulatory bodies or courts. In addition, legal challenges to environmental permits or rules add uncertainty to estimating future costs of complying with such permits and rules. The Biden administration is currently undertaking changes in a wide range of environmental programs.

See “Legal Matters” in Note 14 to the Financial Statements for a discussion of environmental commitments and contingencies. See "Financial Condition - Liquidity and Capital Resources - Forecasted Uses of Cash - Capital Expenditures" in "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" for information on projected environmental capital expenditures for 2022 through 2024.

LG&E and KU are entitled to recover, through the ECR mechanism, certain costs of complying with the Clean Air Act, as amended, and other federal, state and local environmental requirements applicable to coal combustion wastes and by-products from coal-fired generating facilities upon KPSC review. Costs not covered by the ECR mechanism for LG&E and KU and all such costs for PPL Electric are subject to rate recovery at the discretion of the companies' respective state regulatory authorities, or the FERC, if applicable. Because PPL Electric does not own any generating plants, it has less exposure to related environmental compliance costs. The Registrants can provide no assurances as to the ultimate outcome of future proceedings before regulatory authorities.

Air

NAAQS (PPL, LG&E and KU)

The Clean Air Act has a significant impact on the operation of fossil fuel generation plants. The Clean Air Act requires the EPA periodically to establish and review National Ambient Air Quality Standards, known as NAAQS, for six pollutants: carbon monoxide, lead, nitrogen dioxide, ozone (contributed to by nitrogen oxide emissions), particulate matter and sulfur dioxide. In December 2020, the EPA released final actions keeping the existing NAAQS standard for particulate matter and ozone without change, but the EPA is currently reconsidering those decisions. PPL, LG&E, and KU are unable to predict the outcome of future evaluations by the EPA and the states with respect to the NAAQS standards.

Applicable regulations require each state to identify areas within its boundaries that fail to meet the NAAQS, (known as nonattainment areas), and develop a state implementation plan to achieve and maintain compliance. States that are found to contribute significantly to another state's nonattainment with ozone standards are required to establish "good neighbor" state implementation plans. In addition, for attainment of ozone and fine particulates standards, certain states, including Kentucky, are subject to a regional EPA program known as the Cross-State Air Pollution Rule (CSAPR).

In January 2018, the EPA designated Jefferson County, Kentucky (Louisville) as being in nonattainment with the existing 2015 ozone standard. In 2020 and 2021, LG&E entered into agreements with the Louisville Metro Air Pollution Control District for temporary nitrogen oxide emission limits at LG&E's Mill Creek Station during those years to facilitate compliance with the ozone standard. If Jefferson County is unable to demonstrate attainment within the specified timeframes, it may be “bumped up” to the moderate nonattainment classification and thus subject to additional requirements including requirements for installation of reasonably available control technology on coal-fired generating units. Compliance with such requirements may require installation of additional pollution controls or other compliance actions. LG&E is unable to determine the impact on operations until certain compliance determinations are made by the EPA and Kentucky.

In April 2021, the EPA published final revisions to the CSAPR providing for reductions in ozone season nitrogen oxide emissions for 2021 and subsequent years from sources in 12 states, including Kentucky. Additionally, the EPA reversed its previous approval of the Kentucky State Implementation Plan with respect to these requirements. The CSAPR revisions are aimed at ensuring compliance with the 2008 ozone NAAQS, so additional nitrogen oxide emission reductions could potentially be required for compliance with the revised 2015 ozone NAAQS. PPL, LG&E and KU do not currently expect the impact of the CSAPR revisions on operations to be material. Pursuant to the President’s executive order, the EPA is currently reconsidering its previous determinations made in December 2020 to retain the existing NAAQS for ozone and particulate matter without change, with final determinations by the EPA expected in 2022 for particulate matter and 2023 for ozone.

PPL, LG&E, and KU are unable to predict future emission reductions that may be required by future federal rules or state implementation actions. Compliance with the NAAQS, CSAPR and related requirements may require installation of additional pollution controls or other compliance actions, inclusive of retirements, the costs of which PPL, LG&E and KU believe would be subject to rate recovery.

Climate Change (All Registrants)

There is continuing world-wide attention focused on issues related to climate change. In 2015, 195 nations, including the U.S., signed the Paris Agreement on Climate, establishing non-binding targets to reduce GHG emissions from both developed and developing nations. In 2017, President Trump announced a U.S. withdrawal from the Paris Agreement, effective November 2020. In January 2021, the Biden presidential administration initiated the process to rejoin the Paris Agreement, which was completed in February 2021. The Biden administration also issued executive orders directing agencies to conduct a general review of regulations and executive actions relating to the environment and reestablished a framework for considering the social cost of carbon as part of certain agency cost-benefit analyses for new regulations. The Biden administration is exploring wide-ranging efforts to address climate change. Recent government actions and policy developments, including the President’s announced goal of a carbon free electricity sector by 2035, and targeting net-zero emissions for the federal government by 2050, could have significant impacts on PPL’s business operations, products, and services. Certain of the efforts announced by the Biden administration are preliminary or ongoing in nature. Additionally, there are ongoing efforts by various state and local governments to assess potential changes to legislation, rules, policies, directives, and other requirements applicable to greenhouse gas emissions. PPL, LG&E and KU cannot predict the outcome of ongoing developments.

PPL has adopted a goal of net-zero carbon emissions by 2050, which includes continuing to retire coal-fired generation and investing in research and innovation that will help to achieve this goal, while maintaining reliable and affordable energy in our service territories. The net-zero goal relates to direct and indirect carbon emissions consistent with Greenhouse Gas Protocol guidance and referenced by the EPA Center for Corporate Climate Leadership. Through 2020, PPL has reduced carbon emissions nearly 60% from 2010 levels and is targeting a 70% reduction from 2010 levels by 2035 and an 80% reduction by 2040.

PPL is also aware of the various risks associated with climate change, including increased frequency and severity of severe weather. To address these risks, PPL continues to work to advance the grid and improve the Company's equipment to help mitigate the impacts of extreme weather events and improve reliability.

The EPA's Affordable Clean Energy Rule (PPL, LG&E and KU)

In July 2019, the EPA repealed the Clean Power Plan and finalized the Affordable Clean Energy (ACE) Rule which gives states broad latitude to establish emission guidelines providing for plant-specific efficiency upgrades or "heat-rate improvements" to reduce GHG emissions per unit of electricity generated. Various entities filed petitions for review and petitions for reconsideration. On January 19, 2021, the D.C. Circuit Court issued an opinion finding that the EPA had erroneously repealed the Clean Power Plan. The D.C Circuit Court's opinion also vacated and remanded the ACE Rule to the EPA. On October 29, 2021, the U.S. Supreme Court granted review of the D.C. Circuit Court’s ruling. PPL, LG&E, and KU cannot predict the outcome of the pending litigation and regulatory proceedings or changes that may be pursued by the Biden administration, but believe that the costs would be subject to rate recovery.

Water/Waste

(PPL, LG&E and KU)

Clean Water Act

Regulations under the federal Clean Water Act dictate permitting and mitigation requirements for facilities and construction projects that impact "Waters of the United States." Many other requirements relate to power plant operations, including 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, and standards intended to protect aquatic organisms that become trapped at or pulled through cooling water intake structures at generating facilities. These requirements could impose significant costs for LG&E and KU, which are expected to be subject to rate recovery.

Clean Water Act Jurisdiction

Environmental groups and others have claimed that discharges to groundwater from leaking CCR impoundments at power plants are subject to Clean Water Act permitting. On April 12, 2019, the EPA released regulatory clarification finding that Clean Water Act jurisdiction does not cover such discharges to groundwater. On January 23, 2020, the EPA announced a final rule modifying the jurisdictional scope of the Clean Water Act. The announced rule revises the definition of the "Waters of the United States," including a revision to exclude groundwater from the definition. In April 2020, the U.S. Supreme Court issued a ruling that Clean Water Act jurisdiction may apply to certain discharges to groundwater that result in the functional equivalent of a direct discharge to navigable waters. PPL, LG&E, and KU are unaware of any unpermitted releases from their facilities that are subject to Clean Water Act jurisdiction, but future regulatory developments and judicial rulings could potentially subject certain releases from CCR impoundments and landfills to additional permitting and remediation requirements, which could impose substantial costs. Any associated costs are expected to be subject to rate recovery. PPL, LG&E and KU are unable to predict the outcome or financial impact of future regulatory proceedings and litigation.

Waters of the United States

PPL, LG&E, and KU are subject to permitting and mitigation requirements for certain construction activities that impact “Waters of the United States.” On April 21, 2020, the EPA and U.S. Army Corps of Engineers published a final rule revising the definition of “Waters of the United Status” to exclude jurisdiction over certain surface waters. On August 30, 2021, a U.S. District Court in Arizona vacated and remanded the rule. On December 7, 2021, the EPA and U.S. Army Corps of Engineers proposed to repeal the rule and restore the definition of “Waters of the United States” that was in place prior to 2015. On January 24, 2022, the U.S. Supreme Court granted review of a case raising the issue of the appropriate scope of the definition of “Waters of the United States” under the Clean Water Act. PPL, LG&E and KU are unable to predict the outcome of current or future litigation or regulatory proceedings, but do not expect a material impact on operations.

Superfund and Other Remediation

(All Registrants)

From time to time, PPL's subsidiaries undertake testing, monitoring or remedial action in response to spills or other releases at various on-site and off-site locations, negotiate with the EPA and state and local agencies regarding actions necessary to comply 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 not yet identified may result in significant additional costs for the Registrants. Insurance policies maintained by LG&E and KU may be available to cover certain of the costs or other obligations related to these matters, but the amount of insurance coverage or reimbursement cannot be estimated or assured.

See “Legal Matters” in Note 14 to the Financial Statements for additional information.

(All Registrants)

SEASONALITY

The demand for and market prices of electricity and natural gas are affected by weather. As a result, the Registrants' operating results in the future may fluctuate substantially on a seasonal basis, especially when unpredictable weather conditions make such fluctuations more pronounced. The pattern of this fluctuation may change depending on the type and location of the facilities owned. See "Item 1. Business - Environmental Matters - Air - Climate Change" for additional information.

FINANCIAL CONDITION

See "Financial Condition" in "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" for this information.

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CAPITAL EXPENDITURE REQUIREMENTS

See "Financial Condition - Liquidity and Capital Resources - Forecasted Uses of Cash - Capital Expenditures" in "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" for information concerning projected capital expenditure requirements for 2022 through 2024. See "Item 1. Business - Environmental Matters" for additional information concerning the potential impact on capital expenditures from environmental matters.

HUMAN CAPITAL

PPL, together with its subsidiaries, is committed to fostering an exceptional workplace for employees. PPL pledges to enable the success of its current and future workforce by cultivating a diverse, equitable and inclusive culture, fostering professional development, encouraging employee engagement, and ensuring a safe and healthy work environment. Matters related to these priorities and corporate culture are overseen by PPL's senior management, which provides updates to the PPL Board of Directors (the Board). Pursuant to its charter, the Compensation Committee of the Board of Directors also periodically reviews and assesses the Company's strategy for human capital management. PPL's investment in the success of our workforce is embodied in the following areas with dedicated leadership and Board oversight:

- Diversity, equity and inclusion (DEI) – Foster an inclusive, respectful and diverse workplace through a comprehensive DEI strategy and commitments. Senior management reviews demographic metrics, DEI objectives and associated programs semi-annually. The Board also receives periodic updates from senior management on PPL's DEI strategy and initiatives.
- Employee engagement – Create a workplace that fosters an engaged, high-quality workforce. PPL's operating companies regularly conduct assessments related to employee engagement, safety and culture. Senior management reviews corporate culture with the Board annually.
- Professional development –Invest in our current and future workforce through training and development, succession planning and creation of a pipeline for internal advancement. Senior management reviews succession planning with the Compensation Committee of the Board on an annual basis.
- Comprehensive benefits - In addition to challenging careers and competitive salaries, PPL offers competitive benefits programs to attract and retain talent and support employees' well-being. PPL offers competitive vacation time, expanded leave for new parents, retirement programs, and internal and external development opportunities, including tuition reimbursement offerings for undergraduate and certain graduate degrees. Senior management conduct annual benchmarking of employee compensation and benefits.
- Safety and Compliance - PPL is also committed to maintaining an ethical and safe workplace culture. Additional steps to ensure Board oversight in these areas include:

    - Safety – PPL carries out programs focused on health and safety, including emergency preparedness, vehicle safety and accident prevention. Employees receive safety training and are encouraged to share, implement, and follow best practices. Senior management receives monthly safety data updates to determine whether additional safety measures should be implemented. The Board annually reviews the company's safety programs and results. The Board is also immediately engaged in the event of a fatality.
    - Compliance – The Corporate Compliance Committee, including senior executives, meets quarterly to discuss metrics and other matters related to the compliance and ethics culture. Among the items discussed are statistics regarding Ethics Helpline reports and employee concerns. This information is also reviewed with the Audit Committee of the Board quarterly.

PPL will continue to engage with employees and to assess these priorities as we work to best position individuals and the company for future success. PPL had a turnover rate of 10.6% for the year ended December 31, 2021. Looking forward, we will maintain our strong focus on workforce planning to address future talent needs.

At December 31, 2021, PPL and its subsidiaries had the following full-time employees and employees represented by labor unions:

	Total Full-Time Employees	Number of Union Employees	Percentage of Total Workforce
PPL	5,607	1,744	31 %
PPL Electric	1,596	932	58 %
LG&E	1,001	627	63 %
KU	873	115	13 %

(PPL and PPL Electric)

For PPL and PPL Electric, labor agreement negotiations with the IBEW commenced in February 2022. The current five-year agreement expires in May 2022.

CYBERSECURITY MANAGEMENT

The Registrants and their subsidiaries are subject to risks from cyber-attacks that have the potential to cause significant interruptions to the operation of their businesses. The frequency of these attempted intrusions has increased in recent years and the sources, motivations and techniques of attack continue to evolve and change rapidly. PPL has adopted a variety of measures to monitor and address cyber-related risks and continues to implement and explore additional cybersecurity measures. Cybersecurity and the effectiveness of PPL's cybersecurity strategy are regular topics of discussion at Board of Directors meetings. PPL's strategy for managing cyber-related risks is risk-based and, where appropriate, integrated within PPL's enterprise risk management processes. PPL's Chief Information Security Officer (CISO), who reports directly to the Chief Operating Officer, leads a dedicated cybersecurity team and is responsible for the design, implementation, and execution of cyber-risk management strategy. In addition, among other things, the CISO and the cybersecurity team actively monitor the Registrants' systems, regularly review policies, compliance, regulations and best practices, perform penetration testing, conduct incident response exercises and internal ethical phishing campaigns, and provide training and communication across the organization to strengthen secure behavior and foster a culture of security. The cybersecurity team also routinely participates in industry-wide programs to further information sharing, intelligence gathering, and unity of effort in responding to potential or actual attacks. In addition, PPL has a formal internal policy and procedures for communicating cybersecurity incidents on an enterprise-wide basis.

In addition to these enterprise-wide initiatives, PPL's Kentucky and Pennsylvania operations are subject to extensive and rigorous mandatory cybersecurity requirements that are developed and enforced by NERC and approved by the FERC to protect grid security and reliability. LG&E is also subject to certain security directives related to cybersecurity issued by the Department of Homeland Security’s Transportation Security Administration in 2021. See Note 14 to the Financial Statements for additional information on these directives. Finally, PPL purchases insurance to protect against a wide range of costs that could be incurred in connection with cyber-related incidents. There can be no assurance, however, that these efforts will be effective to prevent interruption of services or other damage to the Registrants' businesses or operations or that PPL's insurance coverage will cover all costs incurred in connection with any cyber-related incident.

AVAILABLE INFORMATION

PPL's Internet website is www.pplweb.com. Under the Investors heading of that website, PPL provides access to SEC filings of the Registrants (including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(d) or 15(d)) free of charge, as soon as reasonably practicable after filing with the SEC. The information contained on, or available through, PPL's Internet website is not, and shall not be deemed to be, incorporated by reference into this report. Additionally, the Registrants' filings are available at the SEC's website (www.sec.gov).

ITEM 1A. RISK FACTORS

The Registrants face various risks associated with their businesses. Our businesses, financial condition, cash flows or results of operations could be materially adversely affected by any of these risks. In addition, this report also contains forward-looking and other statements about our businesses that are subject to numerous risks and uncertainties. See "Forward-Looking Information," "Item 1. Business," "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 14 to the Financial Statements for additional information concerning the risks described below and for other risks, uncertainties and factors that could impact our businesses and financial results.

As used in this Item 1A., the terms "we," "our" and "us" generally refer to PPL and its consolidated subsidiaries taken as a whole, or PPL Electric and its consolidated subsidiaries taken as a whole within the Pennsylvania Regulated segment discussion and its consolidated subsidiaries taken as a whole within the Kentucky Regulated segment discussion.

Order of Subsection Presentation

(PPL)

A. Risk Related to Registrant Holding Company

PPL is a holding company and its cash flows and ability to meet its obligations with respect to indebtedness and under guarantees, and its ability to pay dividends, largely depends on the financial performance of its respective subsidiaries and, as a result, is effectively subordinated to all existing and future liabilities of those subsidiaries.

PPL is a holding company and conducts its operations primarily through subsidiaries. Substantially all of the consolidated assets of PPL are held by its subsidiaries. Accordingly, PPL's cash flows and ability to meet debt and guaranty obligations, as well as PPL's ability to pay dividends, are largely dependent upon the earnings of those subsidiaries and the distribution or other payment of such earnings in the form of dividends, distributions, loans, advances or repayment of loans and advances. The subsidiaries are separate legal entities and have no obligation to pay dividends or distributions to their parents or to make funds available for such a payment. The ability of PPL's subsidiaries to pay dividends or distributions in the future will depend on the subsidiaries' future earnings and cash flows and the needs of their businesses, and may be restricted by their obligations to holders of their outstanding debt and other creditors, as well as any contractual or legal restrictions in effect at such time, including the requirements of state corporate law applicable to payment of dividends and distributions, and regulatory requirements, including restrictions on the ability of PPL Electric, LG&E and KU to pay dividends under Section 305(a) of the Federal Power Act.

Because PPL is a holding company, its debt and guaranty obligations are effectively subordinated to all existing and future liabilities of its subsidiaries. Although certain agreements to which certain subsidiaries are parties limit their ability to incur additional indebtedness, PPL and its subsidiaries retain the ability to incur substantial additional indebtedness and other liabilities. Therefore, PPL's rights and the rights of its creditors, including rights of debt holders, to participate in the assets of any of its subsidiaries, in the event that such a subsidiary is liquidated or reorganized, will be subject to the prior claims of such subsidiary's creditors.

(*All Registrants*)

B. Risks Related to Regulated Utility Operations

Our regulated utility businesses face many of the same risks, in addition to those risks that are unique to each of the Kentucky Regulated and Pennsylvania Regulated segments. Set forth below are risk factors common to both domestic regulated segments, followed by sections identifying separately the risks specific to each of these segments.

Our profitability is highly dependent on our ability to recover the costs of providing energy and utility services to our customers and earn an adequate return on our capital investments. Regulators may not approve the rates we request and existing rates may be challenged.

The rates we charge our utility customers must be approved by one or more federal or state regulatory commissions, including the FERC, KPSC, VSCC and PUC. Although rate regulation is generally premised on the recovery of prudently incurred costs and a reasonable rate of return on invested capital, there can be no assurance that regulatory authorities will consider all of our costs to have been prudently incurred or that the regulatory process by which rates are determined will always result in rates that achieve full or timely recovery of our costs or an adequate return on our capital investments. Federal or state agencies, intervenors and other permitted parties may challenge our current or future rate requests, structures or mechanisms, and ultimately reduce, alter or limit the rates we receive. Although our rates are generally regulated based on an analysis of our costs incurred in a base year or on future projected costs, the rates we are allowed to charge may or may not match our costs at any given time. Our regulated utility businesses are subject to substantial capital expenditure requirements over the next several years, which may require rate increase requests to the regulators in the future. If our costs are not adequately recovered through rates, it could have an adverse effect on our business, results of operations, cash flows and financial condition.

Our utility businesses are subject to significant and complex governmental regulation.

In addition to regulating the rates we charge, various federal and state regulatory authorities regulate many aspects of our domestic utility operations, including:

- the terms and conditions of our service and operations;
- financial and capital structure matters;
- siting, construction and operation of facilities;
- mandatory reliability and safety standards under the Energy Policy Act of 2005 and other standards of conduct;
- accounting, depreciation and cost allocation methodologies;
- tax matters;
- affiliate transactions;
- acquisition and disposal of utility assets and issuance of securities; and
- various other matters, including energy efficiency.

Such regulations or changes thereto may subject us to higher operating costs or increased capital expenditures and failure to comply could result in sanctions or possible penalties which may not be recoverable from customers.

Our regulated businesses undertake significant capital projects and these activities are subject to unforeseen costs, delays or failures, as well as risk of inadequate recovery of resulting costs.

The regulated utility businesses are capital intensive and require significant investments in energy generation (in the case of LG&E and KU) and transmission, distribution and other infrastructure projects, such as projects for environmental compliance and system reliability. The completion of these projects without delays or cost overruns is subject to risks in many areas, including:

- approval, licensing and permitting;
- land acquisition and the availability of suitable land;
- skilled labor or equipment shortages;
- construction problems or delays, including disputes with third-party intervenors;
- increases in commodity prices or labor rates;
- potential supply chain disruptions or delays; and
- contractor performance.

Failure to complete our capital projects on schedule or on budget, or at all, could adversely affect our financial performance, operations and future growth if such expenditures are not granted rate recovery by our regulators.

We are or may be subject to costs of remediation of environmental contamination at facilities owned or operated by our former subsidiaries.

We may be subject to liability for the costs of environmental remediation of property now or formerly owned by us with respect to substances that we may have generated regardless of whether the liabilities arose before, during or after the time we owned or operated the facilities. We also have current or previous ownership interests in sites associated with the production of manufactured gas for which we may be liable for additional costs related to investigation, remediation and monitoring of these sites. Remediation activities associated with our former manufactured gas plant operations are one source of such costs. Citizen groups or others may bring litigation regarding environmental issues including claims of various types, such as property damage, personal injury and citizen challenges to compliance decisions on the enforcement of environmental requirements, which could subject us to penalties, injunctive relief and the cost of litigation. We cannot predict the amount and timing of future expenditures (including the potential or magnitude of fines or penalties) related to such environmental matters, although they could be material.

C. Risks Specific to Kentucky Regulated Segment

(*PPL, LG&E and KU*)

We are subject to financial, operational, regulatory and other risks related to requirements, developments and uncertainties in environmental regulation, including those affecting coal-fired generation facilities.

Extensive federal, state and local environmental laws and regulations are applicable to LG&E's and KU's generation supply, including its air emissions, water discharges (ELGs) and the management of hazardous and solid wastes (CCRs), among other business-related activities, and the costs of compliance or alleged non-compliance cannot be predicted and could be material. In addition, our costs may increase significantly if the requirements or scope of environmental laws, regulations or similar rules are expanded or changed as the environmental standards governing LG&E’s and KU’s businesses, particularly as applicable to coal-fired generation and related activities, continue to be subject to uncertainties due to rulemaking and other regulatory developments, legislative activities and litigation, administrative and permit challenges. The Biden administration is considering a wide range of potential policies, executive orders, rules, legislation and other initiatives in connection with climate change that may affect these costs. Depending on the extent, frequency and timing of such changes, the companies may face higher risks of unsuccessful implementation of environmental-related business plans, noncompliance with applicable environmental rules, delayed or incomplete rate recovery or increased costs of implementation. Costs may take the form of increased capital expenditures or operating and maintenance expenses, monetary fines, penalties or forfeitures, operational changes, permit limitations or other restrictions. At some of our older generating facilities it may be uneconomic for us to install necessary pollution control equipment, which could cause us to retire those units. Market prices for energy and capacity also affect this cost-effectiveness analysis. Many of these environmental law considerations are also applicable to the operations of our key suppliers or customers, such as coal producers, power producers and industrial power users, and may impact the costs of their products and demand for our services.

(*PPL and LG&E*)

We are subject to operational, regulatory and other risks regarding natural gas supply infrastructure.

A natural gas pipeline explosion or associated incident could have a significant impact on LG&E’s natural gas operations or result in significant damages and penalties that could have an adverse impact on LG&E’s financial position and results of operations. The Pipeline and Hazardous Materials Safety Administration enforces regulations that govern the design, construction, operation and maintenance of pipeline facilities. Failure to comply with these regulations could result in the assessment of fines or penalties against LG&E. These regulations require, among other things, that pipeline operators take certain measures with respect to pipeline integrity. Depending on the results of integrity tests and other integrity program activities, we could incur significant and unexpected costs to perform remedial activities on our natural gas infrastructure to ensure our continued safe and reliable operation. Recent pipeline incidents in the U.S. have also led to the introduction of proposed rules and possible federal legislative actions which could impose restrictions on LG&E’s operations or require more stringent testing to ensure pipeline integrity. Implementation of these regulations could increase our costs to comply with pipeline integrity and safety regulations.

D. Risks Specific to Pennsylvania Regulated Segment

(*PPL and PPL Electric*)

We face competition for transmission projects, which could adversely affect our rate base growth.

FERC Order 1000, issued in July 2011, establishes certain procedural and substantive requirements relating to participation, cost allocation and non-incumbent developer aspects of regional and inter-regional electricity transmission planning activities. The PPL Electric transmission business, operating under a FERC-approved PJM Open Access Transmission Tariff, is subject to competition pursuant to FERC Order 1000 from entities that are not incumbent PJM transmission owners with respect to the construction and ownership of transmission facilities within PJM. Increased competition can result in lower rate base growth.

We could be subject to higher costs and/or penalties related to Pennsylvania Conservation and Energy Efficiency Programs.

PPL Electric is subject to Act 129, which contains requirements for energy efficiency and conservation programs and for the use of smart metering technology, imposes PLR electricity supply procurement rules, provides remedies for market misconduct, and made changes to the existing Alternative Energy Portfolio Standard. The law also requires electric utilities to meet specified goals for reduction in customer electricity usage and peak demand. Utilities not meeting these Act 129 requirements are subject to significant penalties that cannot be recovered in rates. Numerous factors outside of our control could prevent compliance with these requirements and result in penalties to us.

E. Risks Related to All Segments

(*All Registrants*)

The COVID-19 pandemic and resultant impact on business and economic conditions could negatively affect our business.

The COVID-19 pandemic has disrupted the U.S. and global economies and continues to present challenges to businesses, communities, workforces, markets and increasingly to supply chains. In the U.S. and throughout the world, governmental authorities have taken actions to contain the spread of the virus and mitigate known or foreseeable impacts. In the Registrants' service territories, mitigation measures have included quarantines, stay-at-home orders, travel restrictions, reduced operations or closures of businesses, schools and governmental agencies, and executive, legislative or regulatory actions to address health or other pandemic-related concerns. The Delta and Omicron variants of the virus have extended and exacerbated the risks arising from the pandemic and have led to the extension of many of these remediation strategies. The responses to these variants may continue to affect risks and related remediation efforts going forward, perhaps substantially, and future variants may have similar effects.

Until the COVID-19 virus is contained, it poses significant risks to the health and welfare of the Registrants' customers, employees, contractors and suppliers, and to the conduct of their business. Mandates to stay at home, shelter in place, or quarantine and resulting lock-down or closures of non-essential businesses could reduce demand for electricity and gas, and continue to cause shifts in demand between residential, commercial and industrial customers that could negatively impact the Registrants' financial condition. Customers experiencing financial strain from unemployment, furloughs, or reduced work hours may not be able to pay their bills on a timely basis, which could negatively impact our liquidity. New or changing legislation or regulatory orders may unfavorably impact the Registrants or the utility industry generally.

The COVID-19 pandemic is also subjecting the Registrants to growing shortages that are creating risks of potential equipment and fuel supply chain disruptions. If issues in the supply chains continue, Registrants may be forced to rely on a larger pool of suppliers, which could pose operational risks. Such suppliers may fail to follow established health, safety and other regulatory standards. Additionally, suppliers may need to engage subcontractors that have not been previously vetted, which could result in contractual and regulatory risks. This could also create an inability to effectively monitor a supplier's work or the need to depend on limited contractors, resulting in higher costs and potential financial and reputational risks.

All of these factors have the potential to materially and adversely affect the Registrants' business and operations, especially if they remain in effect for a prolonged period of time. At this time, the Registrants' cannot predict the extent to which these or other pandemic-related factors may affect their business, earnings or other financial results, as it depends on the duration and scope of the outbreak, the measures undertaken in response and other future developments, all of which are highly uncertain and continue to evolve in response to additional variants. In addition to the factors discussed above, investors should be aware that other COVID-19-related risks may emerge in the future and may prove to be significant, including potentially the cost of ongoing remediation efforts, such as testing, and the potential for increased effects on global markets and supply chains. Investors should carefully consider the discussion of COVID-19 related items presented in this Annual Report on Form 10-K, especially to the extent that the COVID-19 pandemic may exacerbate or increase those risks.

Our business operations are continually subject to cyber-based security and data integrity risks from vulnerabilities related to our IT systems, operational technology infrastructure and supply chain relationships.

Numerous functions affecting the efficient operation of our businesses are dependent on the secure and reliable storage, processing and communication of electronic data and the use of sophisticated computer hardware and software systems. The operation of our transmission and distribution systems, including gas distribution systems, as well as our generation plants, are all reliant on cyber-based technologies and, therefore, subject to the risk that these systems could be the target of disruptive actions by terrorists, nation state actors or criminals or otherwise be compromised by unintentional events. Attacks may come through ransomware, software updates or patches, use of opensource software, firmware that hackers can manipulate to include malicious codes for exploitation at a later date, or the compromising of hardware by bad actors, creating serious risks to our security, the security of our customers' information, and potentially to our ability to provide power. As a result, operations could be interrupted, property could be damaged and sensitive customer information lost or stolen, causing us to incur significant losses of revenues, other substantial liabilities and damages, costs to replace or repair damaged equipment and damage to our reputation. Threats to our systems and operations continue to emerge as new ways to compromise components of our systems or networks are developed. Additionally, cybersecurity risks also threaten our supply chains, including aspects that are not under our control, such as the incorporation of opensource software in systems or software that we use, that despite our efforts do not meet our current security standards.

In addition, under the Energy Policy Act of 2005, users, owners and operators of the bulk power transmission system, including PPL Electric, LG&E and KU, are subject to mandatory reliability standards promulgated by NERC and enforced by the FERC. As an operator of natural gas distribution systems, LG&E is also subject to mandatory reliability standards of the U.S. Department of Transportation and is also subject to certain security directives related to cybersecurity issued by the Department of Homeland Security (DHS) Transportation Security Administration (TSA) in 2021. Failure to comply with these standards could result in the imposition of fines or civil penalties, and potential exposure to third party claims for alleged violations of the standards.

We are subject to risks associated with federal and state tax laws and regulations.

Changes in tax law as well as the inherent difficulty in quantifying potential tax effects of business decisions could negatively impact our results of operations and cash flows. We are required to make judgments in order to estimate our obligations to taxing authorities. These tax obligations include income, property, gross receipts, franchise, sales and use, employment-related and other taxes. We also estimate our ability to utilize deferred tax assets and tax credits. Dependent upon the revenue needs of the jurisdictions in which our businesses operate, various tax and fee increases may be proposed or considered. We cannot predict changes in tax law or regulation or the effect of any such changes on our businesses. Any such changes could increase tax expense and could have a significant negative impact on our results of operations and cash flows. The effects of the TCJA have been reflected in our financial statements, and we continue to evaluate the application of the law in calculating income tax expense.

Increases in electricity prices and/or a weak economy, can lead to changes in legislative and regulatory policy, including the promotion of energy efficiency, conservation and distributed generation or self-generation, which may adversely impact our business.

Energy consumption is significantly impacted by overall levels of economic activity and costs of energy supplies. Economic downturns or periods of high energy supply costs can lead to changes in or the development of legislative and regulatory policy designed to promote reductions in energy consumption and increased energy efficiency, alternative and renewable energy sources, and distributed or self-generation by customers. This focus on conservation, energy efficiency and self-generation may result in a decline in electricity demand, which could adversely affect our business.

We could be negatively affected by rising interest rates, downgrades to our credit ratings, adverse credit market conditions or other negative developments in our ability to access capital markets.

Our businesses are capital-intensive and, in the ordinary course of business, we are reliant upon adequate long-term and short-term financing to fund our significant capital expenditures, debt service and operating needs. As a result, we are sensitive to developments in interest rates, credit rating considerations, insurance, security or collateral requirements, market liquidity and credit availability and refinancing opportunities necessary or advisable to respond to credit market changes. Changes in these conditions could result in increased costs and decreased availability of credit. In addition, certain sources of debt and equity capital have expressed reservations about investing in companies that rely on fossil fuels. If sources of our capital are reduced, capital costs could increase materially.

A downgrade in our credit ratings could negatively affect our ability to access capital and increase the cost of maintaining our credit facilities and any new debt.

Credit ratings assigned by Moody's and S&P to our businesses and their financial obligations have a significant impact on the cost of capital incurred by our businesses. A ratings downgrade could increase our short-term borrowing costs and negatively affect our ability to fund liquidity needs and access new long-term debt at acceptable interest rates. See "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial Condition - Liquidity and Capital Resources - Ratings Triggers" for additional information on the financial impact of a downgrade in our credit ratings.

Our operating revenues could fluctuate on a seasonal basis, especially as a result of extreme weather conditions, including conditions caused or exacerbated by climate change.

Our businesses are subject to seasonal demand cycles. For example, in some markets demand for, and market prices of, electricity peak during hot summer months, while in other markets such peaks occur in cold winter months. As a result, our overall operating results may fluctuate substantially on a seasonal basis if weather conditions diverge adversely from seasonal norms. The effects of climate change may accelerate or magnify fluctuations in our operating results.

Operating expenses could be affected by weather conditions, including storms, as well as by significant man-made or accidental disturbances, including terrorism or natural disasters.

Weather and other factors can significantly affect our profitability or operations by causing outages, damaging infrastructure and requiring significant repair costs. Storm outages and damage often directly decrease revenues and increase expenses, due to reduced usage and restoration costs.

Our businesses are subject to physical, market and economic risks relating to potential effects of climate change.

Climate change may produce changes in weather or other environmental conditions, including temperature or precipitation levels, and thus may impact consumer demand for electricity. In addition, the potential physical effects of climate change, such as increased frequency and severity of storms, floods, and other climatic events, could disrupt our operations and cause us to incur significant costs to prepare for or respond to these effects. These or other meteorological changes could lead to increased operating costs, capital expenses or power purchase costs. Greenhouse gas regulation could increase the cost of electricity, particularly power generated by fossil fuels, and such increases could have a depressive effect on regional economies. Reduced economic and consumer activity in our service areas -- both generally and specific to certain industries and consumers accustomed to previously lower cost power -- could reduce demand for the power we generate, market and deliver. Also, demand for our energy-related services could be similarly lowered by consumers' preferences or market factors favoring energy efficiency, low-carbon power sources or reduced electricity usage. The Registrants' responses to such climate-related risks include compliance with evolving governmental policy and developing and implementing strategies designed to meet net zero carbon emissions goals, which may affect our financial condition, results of operations or cash flows.

We cannot predict the outcome of legal proceedings or investigations related to our businesses in which we are periodically involved. An unfavorable outcome or determination in any of these matters could have a material adverse effect on our financial condition, results of operations or cash flows.

We are involved in legal proceedings, claims and litigation and periodically are subject to state and federal investigations arising out of our business operations, the most significant of which are summarized in Item 1. Business and "Regulatory Matters" in Note 7 to the Financial Statements and in "Legal Matters" and "Regulatory Issues" in Note 14 to the Financial Statements. We cannot predict the ultimate outcome of these matters, nor can we reasonably estimate the costs or liabilities that could potentially result from a negative outcome in each case.

Significant increases in our operation and maintenance expenses, including health care and pension costs, could adversely affect our future earnings and liquidity.

We continually focus on limiting and reducing our operation and maintenance expenses. However, we expect to continue to face increased cost pressures in our operations. Increased costs of materials and labor may result from general inflation, increased regulatory requirements (especially in respect of environmental regulations), the need for higher-cost expertise in the workforce or other factors. In addition, pursuant to collective bargaining agreements, we are contractually committed to provide specified levels of health care and pension benefits to certain current employees and retirees. These benefits give rise to significant expenses. Due to general inflation with respect to such costs, the aging demographics of our workforce and other factors, we have experienced significant health care cost inflation in recent years, and we expect our health care costs, including prescription drug coverage, to continue to increase despite measures that we have taken and expect to take to require employees and retirees to bear a higher portion of the costs of their health care benefits. In addition, we expect to continue to incur significant costs with respect to the defined benefit pension plans for our employees and retirees. The measurement of our expected future health care and pension obligations, costs and liabilities is highly dependent on a variety of assumptions, most of which relate to factors beyond our control. These assumptions include investment returns, interest rates, health care cost trends, inflation rates, benefit improvements, salary increases and the demographics of plan participants. If our assumptions prove to be inaccurate, our future costs and cash contribution requirements to fund these benefits could increase significantly.

We may incur liabilities in connection with divestitures.

In connection with various divestitures, and certain other transactions, we have indemnified or guaranteed parties against certain liabilities. These indemnities and guarantees relate, among other things, to liabilities which may arise with respect to the period during which we or our subsidiaries operated a divested business, and to certain ongoing contractual relationships and entitlements with respect to which we or our subsidiaries made commitments in connection with the divestiture. See "Guarantees and Other Assurances" in Note 14 to the Financial Statements.

We are subject to liability risks relating to our generation, transmission and distribution operations.

The conduct of our physical and commercial operations subjects us to many risks, including risks of potential physical injury, property damage or other financial liability, caused to or by employees, customers, contractors, vendors, contractual or financial counterparties and other third parties.

Our facilities may not operate as planned, which may increase our expenses and decrease our revenues and have an adverse effect on our financial performance.

Operation of power plants, transmission and distribution facilities, information technology systems and other assets and activities subjects us to a variety of risks, including the breakdown or failure of equipment, accidents, security breaches, viruses or outages affecting information technology systems, labor disputes, obsolescence, delivery/transportation problems and disruptions of fuel supply and performance below expected levels. These events may impact our ability to conduct our businesses efficiently and lead to increased costs, expenses or losses. Operation of our delivery systems below our expectations may result in lost revenue and increased expense, including higher maintenance costs, which may not be recoverable from customers. Planned and unplanned outages at our power plants may require us to purchase power at then-current market prices to satisfy our commitments or, in the alternative, pay penalties and damages for failure to satisfy them.

Although we maintain insurance coverage for certain of these risks, we do not carry insurance for all of these risks and no assurance can be given that such insurance coverage will be sufficient to compensate us in the event losses occur.

We are required to obtain, and to comply with, government permits and approvals.

We are required to obtain, and to comply with, numerous permits, approvals, licenses and certificates from governmental agencies. The process of obtaining and renewing necessary permits can be lengthy and complex and sometimes result in the establishment of permit conditions that make the project or activity for which a permit was sought unprofitable or otherwise unattractive. In addition, such permits or approvals may be subject to denial, revocation or modification under circumstances. Failure to obtain or comply with the conditions of permits or approvals, or failure to comply with any applicable laws or regulations, may result in delay or temporary suspension of our operations and electricity sales or the curtailment of our power delivery and may subject us to penalties and other sanctions. Although various regulators routinely renew existing licenses, renewal could be denied or jeopardized by various factors, including failure to provide adequate financial assurance for closure; failure to comply with environmental, health and safety laws and regulations or permit conditions; local community, political or other opposition; and executive, legislative or regulatory action.

Our cost or inability to obtain and comply with the permits and approvals required for our operations could have a material adverse effect on our operations and cash flows. In addition, new environmental legislation or regulations, if enacted, or changed interpretations of existing laws may elicit claims that historical routine modification activities at our facilities violated applicable laws and regulations. In addition to the possible imposition of fines in such cases, we may be required to undertake significant capital investments in pollution control technology and obtain additional operating permits or approvals, which could have an adverse impact on our business, results of operations, cash flows and financial condition.

War, other armed conflicts or terrorist attacks could have a material adverse effect on our business.

War, terrorist attacks and unrest have caused and may continue to cause instability in the world's financial and commercial markets. In addition, unrest could lead to acts of terrorism in the United States or elsewhere, and acts of terrorism could be directed against companies such as ours. Armed conflicts and terrorism and their effects on us or our markets may significantly affect our business and results of operations in the future. In addition, we may incur increased costs for security, including additional physical plant security and security personnel or increased capability following a terrorist incident.

We are subject to counterparty performance, credit or other risk in the provision of goods or services to us, which could adversely affect our ability to operate our facilities or conduct business activities.

We purchase from a variety of suppliers energy, capacity, fuel, natural gas, transmission service and certain commodities used in the physical operation of our businesses, as well as goods or services, including information technology rights and services, used in the administration of our businesses. Delivery of these goods and services is dependent on the continuing operational performance and financial viability of our contractual counterparties and also the markets, infrastructure or third parties they use to provide such goods and services to us. As a result, we are subject to risks of disruptions, curtailments or increased costs in the operation of our businesses if such goods or services are unavailable or become subject to price spikes or if a counterparty fails to perform. Such disruptions could adversely affect our ability to operate our facilities or deliver services and collect revenues, which could result in lower sales and/or higher costs and thereby adversely affect our results of operations. The performance of coal markets and producers may be the subject of increased counterparty risk to LG&E and KU currently due to weaknesses in such markets and suppliers. The coal industry is subject to increasing competitive pressures from natural gas markets, political pressures and new or more stringent environmental regulation, including regulation of combustion byproducts and water inputs or discharges.

We are subject to the risk that our workforce and its knowledge base may become depleted in coming years.

We experience attrition due primarily to retiring employees, with the risk that critical knowledge will be lost and that it may be difficult to replace departed personnel, and to attract and retain new personnel, with appropriate skills and experience.

ITEM 1B. UNRESOLVED STAFF COMMENTS

PPL Corporation, PPL Electric Utilities Corporation, Louisville Gas and Electric Company and Kentucky Utilities Company

None.

ITEM 2. PROPERTIES

Kentucky Regulated Segment *(PPL, LG&E and KU)*

LG&E's and KU's properties consist primarily of regulated generation facilities, electricity transmission and distribution assets and natural gas transmission and distribution assets in Kentucky. The capacity of generation units is based on a number of factors, including the operating experience and physical condition of the units, and may be revised periodically to reflect changed circumstances. The electricity generating capacity at December 31, 2021 was:

		LG&E		KU	
Primary Fuel/Plant	**Total MW Capacity Summer**	**% Ownership or Other Interest**	**Ownership or Other Interest in MW**	**% Ownership or Other Interest**	**Ownership or Other Interest in MW**
Coal					
Ghent - Units 1- 4	1,919			100.00	1,919
Mill Creek - Units 1- 4	1,465	100.00	1,465		
E.W. Brown - Unit 3	412			100.00	412
Trimble County - Unit 1 (a)	493	75.00	370		
Trimble County - Unit 2 (a)	732	14.25	104	60.75	445
	5,021		1,939		2,776
Natural Gas/Oil					
E.W. Brown Unit 5 (b)	130	53.00	69	47.00	61
E.W. Brown Units 6 - 7	292	38.00	111	62.00	181
E.W. Brown Units 8 - 11 (b)	484			100.00	484
Trimble County Units 5 - 6	318	29.00	92	71.00	226
Trimble County Units 7 - 10	636	37.00	235	63.00	401
Paddy's Run Unit 12	23	100.00	23		
Paddy's Run Unit 13	147	53.00	78	47.00	69
Haefling - Units 1 - 2	24			100.00	24
Cane Run Unit 7	662	22.00	146	78.00	516
	2,716		754		1,962
Hydro					
Ohio Falls - Units 1-8	64	100.00	64		
Dix Dam - Units 1-3	32			100.00	32
	96		64		32
Solar					
E.W. Brown Solar (c)	8	39.00	3	61.00	5
Total	7,841		2,760		4,775

(a) Trimble County Unit 1 and Trimble County Unit 2 are jointly owned with Illinois Municipal Electric Agency and Indiana Municipal Power Agency. Each owner is entitled to its proportionate share of the units' total output and funds its proportionate share of capital, fuel and other operating costs. See Note 13 to the Financial Statements for additional information.

(b) There is an inlet air cooling system attributable to these units. This inlet air cooling system is not jointly owned; however, it is used to increase production on the units to which it relates, resulting in an additional 12 MW of capacity for LG&E and an additional 86 MW of capacity for KU.

(c) This unit is a 10 MW facility and achieves such production. The 8 MW solar facility summer capacity rating is reflective of an average expected output across the peak hours during the summer period based on average weather conditions at the solar facility.

For a description of LG&E's and KU's service areas, see "Item 1. Business - General - Segment Information - Kentucky Regulated Segment." At December 31, 2021, LG&E's and KU's electricity transmission and distribution systems and LG&E's natural gas transmission and distribution systems were:

	LG&E		KU	
	Distribution	Transmission	Distribution	Transmission
Electricity System				
Substations (a)	96	77	460	211
Capacity (in millions of kVA)	5	8	8	15
Overhead lines (circuit miles)	3,883	669	14,046	4,056
Underground lines (circuit miles)	2,753	—	2,699	—
Natural Gas System				
Distribution mains (miles)	4,418	—	—	—
Transmission pipeline (miles)	—	233	—	—
Transmission storage lines (miles)	—	118	—	—
Combustion turbine lines (miles)	—	19	—	12
Storage fields	—	5	—	—
Storage field capacity (Bcf)	—	15	—	—

(a) 191 substations (61 at LG&E and 130 at KU) are shared between the distribution and transmission systems.

Substantially all of LG&E's and KU's respective 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, in the case of LG&E, the storage and distribution of natural gas, is subject to the lien of either the LG&E 2010 Mortgage Indenture or the KU 2010 Mortgage Indenture. See Note 8 to the Financial Statements for additional information.

LG&E and KU continuously reexamine development projects based on market conditions and other factors to determine whether to proceed with the projects, sell, cancel or expand them or pursue other options. See Item 1. Business for a discussion related to LG&E's and KU's Solar Share program.

Pennsylvania Regulated Segment *(PPL and PPL Electric)*

For a description of PPL Electric's service area, see "Item 1. Business - General - Segment Information - Pennsylvania Regulated Segment." PPL Electric has electric transmission and distribution lines in public streets and highways pursuant to franchises and rights-of-way secured from property owners. At December 31, 2021, PPL Electric's transmission system includes 51 substations with a total capacity of 31 million kVA and 5,400 circuit miles in service. PPL Electric's distribution system includes 352 substations with a total capacity of 14 million kVA, 36,488 circuit miles of overhead lines and 8,714 underground circuit miles. All of PPL Electric's facilities are located in Pennsylvania. Substantially all of PPL Electric's distribution properties and certain transmission properties are subject to the lien of the PPL Electric 2001 Mortgage Indenture. See Note 8 to the Financial Statements for additional information.

ITEM 3. LEGAL PROCEEDINGS

See Notes 6, 7, 9 and 14 to the Financial Statements for information regarding legal, tax and regulatory matters and proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

See "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial Condition - Liquidity and Capital Resources - Forecasted Uses of Cash" for information regarding certain restrictions on the ability to pay dividends for all Registrants.

PPL Corporation

Additional information for this item is set forth in the sections entitled "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" and "Shareowner and Investor Information" of this report. At January 31, 2022 there were 48,597 common stock shareowners of record.

The following table provides information about PPL's purchases of equity securities that are registered by PPL Corporation pursuant to Section 12 of the Exchange Act of 1934 for the quarter ended December 31, 2021:

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (a)
October 1 to October 31, 2021	8,257,699	$ 28.60	8,257,699	$ 2,450,000,033
November 1 to November 30, 2021	11,453,324	28.65	11,453,324	2,121,807,982
December 1 to December 31, 2021	4,309,556	28.76	4,309,556	1,997,876,503
Total	24,020,579	$ 28.65	24,020,579	$ 1,997,876,503

(a) PPL Corporation's Board of Directors approved a share repurchase plan in August 2021. See "Combined Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial and Operational Developments - Share Repurchases" for additional information.

PPL Electric Utilities Corporation

There is no established public trading market for PPL Electric's common stock, as PPL owns 100% of the outstanding common shares. Dividends paid to PPL on those common shares are determined by PPL Electric's Board of Directors. PPL Electric paid common stock dividends to PPL of $334 million in 2021 and $400 million in 2020.

Louisville Gas and Electric Company

There is no established public trading market for LG&E's common stock, as LKE owns 100% of the outstanding common shares. Dividends paid to LKE on those common shares are determined by LG&E's Board of Directors. LG&E paid common stock dividends to LKE of $192 million in 2021 and $161 million in 2020.

Kentucky Utilities Company

There is no established public trading market for KU's common stock, as LKE owns 100% of the outstanding common shares. Dividends paid to LKE on those common shares are determined by KU's Board of Directors. KU paid common stock dividends to LKE of $250 million in 2021 and $200 million in 2020.

ITEM 6. SELECTED FINANCIAL AND OPERATING DATA

PPL Corporation, PPL Electric Utilities Corporation, Louisville Gas and Electric Company and Kentucky Utilities Company

[Reserved]

Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations

(All Registrants)

This "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" is separately filed by PPL, PPL Electric, LG&E and KU. Information contained herein relating to any individual Registrant is filed by such Registrant solely on its own behalf, and no Registrant makes any representation as to information relating to any other Registrant. The specific Registrant to which disclosures are applicable is identified in parenthetical headings in italics above the applicable disclosure or within the applicable disclosure for each Registrant's related activities and disclosures. Within combined disclosures, amounts are disclosed for individual Registrants when significant.

The following should be read in conjunction with the Registrants' Consolidated Financial Statements and the accompanying Notes. Capitalized terms and abbreviations are defined in the glossary. Dollars are in millions, except per share data, unless otherwise noted.

"Management's Discussion and Analysis of Financial Condition and Results of Operations" includes the following information:

- "Overview" provides a description of each Registrant's business strategy and a discussion of important financial and operational developments.

- "Results of Operations" for all Registrants includes a "Statement of Income Analysis," which discusses significant changes in principal line items on the Statements of Income, comparing 2021 with 2020. For PPL, "Results of Operations" also includes "Segment Earnings" and "Adjusted Gross Margins," which provide a detailed analysis of earnings by reportable segment. These discussions include non-GAAP financial measures, including "Earnings from Ongoing Operations" and "Adjusted Gross Margins" and provide explanations of the non-GAAP financial measures and a reconciliation of the non-GAAP financial measures to the most comparable GAAP measure.

- "Financial Condition - Liquidity and Capital Resources" provides an analysis of the Registrants' liquidity positions and credit profiles. This section also includes a discussion of forecasted sources and uses of cash and rating agency actions.

- "Financial Condition - Risk Management" provides an explanation of the Registrants' risk management programs relating to market and credit risk.

- "Application of Critical Accounting Policies" provides an overview of the accounting policies that are particularly important to the results of operations and financial condition of the Registrants and that require their management to make significant estimates, assumptions and other judgments of inherently uncertain matters.

For comparison of the Registrants’ results of operations and cash flows for the years ended December 31, 2020 to December 31, 2019, refer to “Item 7. Combined Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the 2020 Form 10-K, filed with the SEC on February 18, 2021.

Overview

For a description of the Registrants and their businesses, see "Item 1. Business."

Business Strategy

(All Registrants)

PPL operates three fully regulated high-performing utilities. These utilities are located in Pennsylvania and Kentucky, constructive regulatory jurisdictions with distinct regulatory structures and customer classes.

PPL's strategy, which is supported by the other Registrants, is to achieve industry-leading performance in safety, reliability, customer satisfaction and operational efficiency; to advance a clean energy transition while maintaining affordability and reliability; to maintain a strong financial foundation and create long-term value for our shareowners; to foster a diverse and exceptional workplace; and to build strong communities in areas that we serve.

Central to PPL's and the other Registrants' strategy is recovering capital project costs efficiently through various rate-making mechanisms, including periodic base rate case proceedings using forward test years, annual FERC formula rate mechanisms and other regulatory agency-approved recovery mechanisms designed to limit regulatory lag. In Kentucky, the KPSC has adopted a series of regulatory mechanisms (ECR, DSM, GLT, fuel adjustment clause, and gas supply clause) and recovery on construction work-in-progress that reduce regulatory lag and provide timely recovery of and return on, as appropriate, prudently incurred costs. In Pennsylvania, the FERC transmission formula rate, DSIC mechanism, Smart Meter Rider and other recovery mechanisms operate to reduce regulatory lag and provide for timely recovery of and a return on, as appropriate, prudently incurred costs.

In March 2021, PPL entered into definitive agreements that strategically reposition the company as a U.S.-based energy company focused on building the utilities of the future. These transactions are intended to strengthen PPL's credit metrics, enhance long-term earnings growth and predictability, and provide the company with greater financial flexibility to invest in sustainable energy solutions. See Note 9 to the Financial Statements, and the "Sale of the U.K. Utility Business" and "Share Purchase Agreement to Acquire Narragansett Electric" discussions in "Financial and Operational Developments" below for additional information.

Financial and Operational Developments

(PPL)

Sale of the U.K. Utility Business

On March 17, 2021, PPL WPD Limited (WPD Limited) entered into a share purchase agreement (WPD SPA) to sell PPL's U.K. utility business to National Grid Holdings One plc (National Grid U.K.), a subsidiary of National Grid plc. Pursuant to the WPD SPA, National Grid U.K. would acquire 100% of the issued share capital of PPL WPD Investments Limited (WPD Investments) for £7.8 billion in cash. WPD Limited would also receive an additional amount of £548,000 for each day during the period from January 1, 2021 to the closing date if the dividends usually declared by WPD Investments to WPD Limited were not paid for that period.

On June 14, 2021, the sale of the U.K. utility business was completed. The transaction resulted in cash proceeds of $10.7 billion inclusive of foreign currency hedges executed by PPL. PPL received net proceeds, after taxes and fees, of $10.4 billion, resulting in a pre-tax loss on sale of $1.6 billion. See Note 9 to the Financial Statements for additional information on the sale of the U.K. utility business.

WPD Limited and National Grid U.K. each made customary representations and warranties in the WPD SPA. National Grid U.K., at its expense, purchased warranty and indemnity insurance. WPD Limited agreed to indemnify National Grid U.K. for certain tax related matters. See Note 11 to the Financial Statements for additional information. PPL has not had and will not have any significant involvement with the U.K. utility business after completion of the sale.

Share Purchase Agreement to Acquire Narragansett Electric

On March 17, 2021, PPL and its subsidiary, PPL Energy Holdings, entered into a share purchase agreement (Narragansett SPA) with National Grid USA (National Grid U.S.), a subsidiary of National Grid plc, to acquire 100% of the outstanding shares of common stock of Narragansett Electric for approximately $3.8 billion in cash. On May 3, 2021, an Assignment and Assumption Agreement was entered into by PPL, PPL Energy Holdings, PPL Rhode Island Holdings and National Grid U.S. whereby certain interests of PPL Energy Holdings in the Narragansett SPA were assigned to and assumed by PPL Rhode Island Holdings. Pursuant to that Assignment and Assumption Agreement, PPL Rhode Island Holdings became the purchasing entity under the Narragansett SPA. The acquisition is expected to be funded with proceeds from the sale of the U.K. utility business. PPL has agreed to guarantee all obligations of PPL Energy Holdings and PPL Rhode Island Holdings under the Narragansett SPA and the related Assignment and Assumption Agreement.

The closing of the acquisition is subject to the receipt of certain U.S. regulatory approvals or waivers, and other customary conditions to closing. To date, several required regulatory approvals or waivers have been received, though the order granting the waiver by the Massachusetts Department of Public Utilities is subject to a pending appeal. See Note 9 to the Financial Statements for additional information regarding the current status of this appeal. PPL anticipates receiving a final order from the Rhode Island Division of Public Utilities and Carriers with respect to the acquisition by March 2022. The regulatory approvals remain subject to any applicable appeal periods. The consummation of the transaction is not subject to a financing condition.

See Note 9 to the Financial Statements for additional information on the Narragansett SPA.

Debt Redemption

PPL Capital Funding paid $3.883 billion to tender and/or redeem an aggregate total of $3.484 billion of outstanding debt during 2021, resulting in a loss on extinguishment of $395 million for the year ended December 31, 2021. See "Long Term Debt" in Note 8 to the Financial Statements for additional information.

Share Repurchases

PPL's Board of Directors authorized share repurchases of up to $3 billion of PPL common shares. During 2021, PPL repurchased 34.8 million shares at a cost of $1.0 billion. See "Equity Securities" in Note 8 to the Financial Statements for additional information.

LKE Debt Redemption

On July 1, 2021, LKE redeemed, at par, its $250 million 4.375% Senior Notes due 2021 and on July 9, 2021, LKE filed a Form 15 with the SEC to suspend its duty to file reports under sections 13 and 15(d) of the Securities Exchange Act of 1934. As a result, beginning with the June 30, 2021 Form 10-Q, LKE was no longer reported as a Registrant.

U.K. Corporation Tax Rate Change

In 2021, the U.K. Finance Act 2021 increased the U.K. corporation tax rate from 19% to 25%, effective April 1, 2023. The primary impact of the corporation tax rate increase was an increase in deferred tax liabilities of the U.K. utility business, which was sold on June 14, 2021, and a corresponding deferred tax expense of $383 million, which was recognized in continuing operations in the second quarter of 2021.

Regulatory Requirements

(All Registrants)

The Registrants cannot predict the impact that future regulatory requirements may have on their financial condition or results of operations.

Environmental Considerations for Coal-Fired Generation (PPL, LG&E and KU)

The businesses of LG&E and KU are subject to extensive federal, state and local environmental laws, rules and regulations, including those pertaining to CCRs, GHG, and ELGs. See Notes 7, 14 and 20 to the Financial Statements for a discussion of these significant environmental matters. These and other environmental requirements led PPL, LG&E and KU to retire approximately 1,200 MW of coal-fired generating plants in Kentucky since 2010. As part of the long-term generation planning process, LG&E and KU evaluate a range of factors including the impact of potential stricter environmental regulations, fuel price scenarios, the cost of replacement generation, continued operations and major maintenance costs and the risk of major equipment failures in determining when to retire generation assets. As a result of environmental requirements and aging infrastructure, LG&E anticipates retiring two older coal-fired units at the Mill Creek Plant and KU anticipates retiring one coal-fired unit at the E.W. Brown plant. Mill Creek Unit 1 has 300 MW of capacity and is expected to be retired in 2024. Mill Creek Unit 2 and E.W. Brown Unit 3 have capacities of 297 MW and 412 MW and are expected to be retired in 2028. LG&E and KU anticipate earning recovery of and return on any remaining net book value of these assets through the Retired Asset Recovery (RAR) rider. See Note 7 to the Financial Statements for additional information related to the RAR rider.

PPL Electric Transmission Formula Rate Return on Equity (PPL and PPL Electric)

On May 21, 2020, PP&L Industrial Customer Alliance (PPLICA) filed a complaint with the FERC alleging that PPL Electric's base return on equity (ROE) of 11.18% used to determine PPL Electric's formula transmission rate was unjust and unreasonable.

On August 20, 2021, PPL Electric entered into a settlement agreement (the Settlement) with PPLICA and all other parties, including intervenors, with respect to the complaint filed by PPLICA on May 21, 2020.

The key aspects of the Settlement include:
- changes to PPL Electric’s base ROE:
    - beginning as of May 21, 2020 and continuing through May 31, 2022, the ROE shall be 9.90%;
    - beginning on June 1, 2022 and continuing through May 31, 2023, the ROE shall be 9.95%;

    - beginning on June 1, 2023, the ROE shall be 10.00%, which shall continue in effect unless and until changed as permitted by the terms of the Settlement;
- changes the equity component of PPL Electric’s capital structure to be the lower of (i) PPL Electric’s actual equity component, calculated in accordance with the formula rate template, or (ii) 56.00%;
- allows modification of the current rate year of June 1 to May 31 to a calendar year of January 1 to December 31; and
- allows modification of the current formula rate based on a historic test year to a projected test year.

In 2021, PPL Electric recorded a revenue reduction of $78 million ($55 million after-tax), of which $73 million ($52 million after-tax) represents revenue subject to refund for the period May 21, 2020 through November 30, 2021. The reduction recorded includes $28 million ($20 million after-tax) related to the period from May 21, 2020 to December 31, 2020. The $73 million of revenue to be refunded will be returned to customers from January 1, 2022 through May 31, 2022 and is based on the difference between charges that were calculated using the ROE in effect at the time and charges calculated using the revised ROE provided for the Settlement, plus interest at the FERC interest rate.

The FERC approved the Settlement on November 5, 2021. Interim rates reflecting the agreed-to-base ROE in the Settlement were effective December 1, 2021.

FERC Transmission Rate Filing (PPL, LG&E and KU)

In 2018, LG&E and KU applied to the FERC requesting elimination of certain on-going credits to a sub-set of transmission customers relating to the 1998 merger of LG&E's and KU's parent entities and the 2006 withdrawal of LG&E and KU from the Midcontinent Independent System Operator, Inc. (MISO), a regional transmission operator and energy market. The application sought termination of LG&E's and KU's commitment to provide certain Kentucky municipalities mitigation for certain horizontal market power concerns arising out of the 1998 LG&E and KU merger and 2006 MISO withdrawal. The amounts at issue are generally waivers or credits granted to a limited number of Kentucky municipalities for either certain LG&E and KU or MISO transmission charges incurred for transmission service received. In 2019, the FERC granted LG&E's and KU's request to remove the ongoing credits, conditioned upon the implementation by LG&E and KU of a transition mechanism for certain existing power supply arrangements, which was subsequently filed, modified, and approved by the FERC in 2020 and 2021. In 2020, LG&E and KU and other parties filed appeals with the D.C. Circuit Court of Appeals regarding FERC's orders on the elimination of the mitigation and required transition mechanism. Oral arguments in the appellate proceeding occurred on February 14, 2022. LG&E and KU cannot predict the outcome of the respective appellate and FERC proceedings. LG&E and KU currently receive recovery of the waivers and credits provided through other rate mechanisms and such rate recovery would be anticipated to be adjusted consistent with potential changes or terminations of the waivers and credits, as such become effective.

Rate Case Proceedings

(PPL, LG&E and KU)

On November 25, 2020, LG&E and KU filed requests with the KPSC for an increase in annual electricity and gas revenues of approximately $331 million ($131 million and $170 million in electricity revenues at LG&E and KU and $30 million in gas revenues at LG&E). The revenue increases represented an increase of 11.6% and 10.4% in electricity revenues at LG&E and KU, and an increase of 8.3% in gas revenues at LG&E. In recognition of the economic impact of COVID-19, LG&E and KU requested approval of a one-year billing credit which will credit customers approximately $53 million ($41 million at LG&E and $12 million at KU). The billing credit represents the return to customers of certain regulatory liabilities on LG&E’s and KU’s Balance Sheets and serves to partially mitigate the rate increases during the first year in which the new rates are in effect.

LG&E’s and KU’s applications also included a request for a CPCN to deploy Advanced Metering Infrastructure across LG&E’s and KU’s service territories in Kentucky.
The applications were based on a forecasted test year of July 1, 2021 through June 30, 2022 and requested an authorized return on equity of 10.0%.

On April 19, 2021, LG&E and KU entered into an agreement with all intervening parties to the proceedings resolving all matters in their applications, with the explicit exception of LG&E's and KU's net metering proposals.

On June 30, 2021 and December 6, 2021, the KPSC issued orders approving the proposed agreement filed in April 2021, with certain modifications. The orders provided for increases in annual revenues of $207 million ($74 million and $110 million in electricity revenues at LG&E and KU and $23 million in gas revenues at LG&E) based on an authorized return on equity of

9.425%. The orders grant an authorized 9.35% return on equity for the ECR and GLT mechanisms and do not modify the requested one-year billing credit. The orders approved the CPCN to deploy Advanced Metering Infrastructure and provide regulatory asset treatment for the remaining net book value of legacy meters upon full implementation of the Advanced Metering Infrastructure program. The orders also approved the establishment of a Retired Asset Recovery (RAR) rider to provide for recovery of and return on the remaining investment in certain electric generating units upon their retirement over a ten-year period following retirement. In respect of the RAR rider, LG&E and KU continue to use currently approved depreciation rates for Mill Creek Units 1 and 2 and Brown Unit 3. The orders also approved a four-year "stay out" commitment from LG&E and KU to refrain from effective base rate increases before July 1, 2025, subject to certain exceptions. On September 24, 2021, the KPSC issued orders providing adjustments to previous net metering proposals. These adjustments did not impact the annual revenue increases.

(KU)

On August 31, 2021, KU filed a request with the VSCC for an annual increase in Virginia base electricity rates of approximately $12 million. KU's request is based on an authorized 10.4% return on equity. A hearing on the matter is scheduled for March 17, 2022. Subject to regulatory review and approval, new rates would become effective June 1, 2022.

Results of Operations

(PPL)

The "Statement of Income Analysis" discussion below describes significant changes in principal line items on PPL's Statements of Income, comparing 2021 with 2020. The "Segment Earnings" and "Adjusted Gross Margins" discussions for PPL provide a review of results by reportable segment. These discussions include non-GAAP financial measures, including "Earnings from Ongoing Operations" and "Adjusted Gross Margins," and provide explanations of the non-GAAP financial measures and a reconciliation of those measures to the most comparable GAAP measure.

(PPL Electric, LG&E and KU)

A "Statement of Income Analysis" is presented separately for PPL Electric, LG&E and KU. The "Statement of Income Analysis" discussion below describes significant changes in principal line items on the Statements of Income, comparing 2021 with 2020. The results of operations section for PPL Electric, LG&E and KU is presented in a reduced disclosure format in accordance with General Instructions (I)(2)(a) of Form 10-K.

PPL: Statement of Income Analysis, Segment Earnings and Adjusted Gross Margins

Statement of Income Analysis

Net income for the years ended December 31 includes the following results:

	2021	2020	Change 2021 vs. 2020
Operating Revenues	$ 5,783	$ 5,474	$ 309
Operating Expenses			
Operation			
Fuel	710	632	78
Energy purchases	752	634	118
Other operation and maintenance	1,608	1,420	188
Depreciation	1,082	1,022	60
Taxes, other than income	207	180	27
Total Operating Expenses	4,359	3,888	471
Other Income (Expense) - net	15	2	13
Interest Expense	918	634	284
Income (Loss) from Continuing Operations Before Income Taxes	521	954	(433)
Income Taxes	503	314	189
Income (Loss) from Continuing Operations After Income Taxes	18	640	(622)
Income (Loss) from Discontinued Operations (net of income taxes) (Note 9)	(1,498)	829	(2,327)
Net Income (Loss)	$ (1,480)	$ 1,469	$ (2,949)

Operating Revenues

The increase (decrease) in operating revenues was due to:

	2021 vs. 2020
PPL Electric distribution volume	$ 19
PPL Electric PLR (a)	83
PPL Electric transmission formula rate (b)	(35)
LG&E fuel and other energy prices (c)	53
LG&E volumes (d)	25
LG&E retail rates (e)	46
LG&E Economic relief billing credit, net of amortization of $9	(12)
KU fuel and other energy prices (c)	43
KU volumes (d)	27
KU retail rates (e)	53
Other	7
Total	$ 309

(a) The increase was primarily the result of higher energy prices and higher customer usage, partially offset by higher volumes of shopping customers.
(b) The decrease was primarily due to a reduction in the transmission formula rate return on equity and a lower PPL zonal peak load billing factor, partially offset by returns on additional transmission capital investments and return of related depreciation expense. See Note 7 to the Financial Statements for additional information on the transmission formula rate return on equity reduction.
(c) The increases were primarily due to higher recoveries of fuel and energy purchases due to higher commodity costs.
(d) The increases were primarily due to favorable weather.
(e) The increases were due to new base rates approved by the KPSC effective July 1, 2021.

Fuel

Fuel increased $78 million in 2021 compared with 2020, primarily due to a $59 million increase at KU due to a $39 million increase in commodity costs and a $19 million increase in volumes driven by weather as well a $19 million increase at LG&E due to a $10 million increase in volumes driven by weather and an $8 million increase in commodity costs.

Energy Purchases

Energy purchases increased $118 million in 2021 compared with 2020, primarily due to a $75 million increase at PPL Electric due to higher PLR prices of $40 million and higher PLR volumes of $28 million, and a $42 million increase at LG&E primarily due to a $35 million increase in commodity costs and a $6 million increase in gas volumes driven by weather.

Other Operation and Maintenance

The increase (decrease) in other operation and maintenance was due to:

	2021 vs. 2020
PPL Electric storm costs	$ 20
PPL Electric inventory adjustments	9
PPL Electric universal service programs	13
LG&E plant operations and maintenance	10
KU plant outages	8
KU plant operations and maintenance	6
KU distribution operations and maintenance	5
KU transmission operations and maintenance	6
Solar panel impairment (Note 1)	37
Charges related to the acquisition of Narragansett Electric	26
Charges related to the sale of the U. K. utility business	8
Stock compensation expense	6
Payroll-related	6
Other	28
Total	$ 188

Depreciation

The increase (decrease) in depreciation was due to:

	2021 vs. 2020
Additions to PP&E, net	$ 36
Depreciation rate change effective July 2021	11
Cost of removal and salvage amortization	12
Other	1
Total	$ 60

Taxes, Other Than Income

The increase (decrease) in taxes, other than income was due to:

	2021 vs. 2020
State gross receipts tax (a)	$ 13
Domestic property tax expense	10
Other	4
Total	$ 27

(a) The increase was primarily due to a favorable settlement of 2008 - 2010 gross receipts tax assessments in 2020.

Other Income (Expense) - net

The increase (decrease) in other income (expense) - net was due to:

	2021 vs. 2020
Defined benefit plans - non-service credits (Note 12)	$ 23
Charitable contributions	(11)
Other	1
Total	$ 13

Interest Expense

The increase (decrease) in interest expense was due to:

	2021 vs. 2020
Loss on extinguishment of debt (Note 8)	$ 395
Long-term debt interest	(93)
Other	(18)
Total	$ 284

Income Taxes

The increase (decrease) in income taxes was due to:

	2021 vs. 2020
Change in pre-tax income	$ (116)
Valuation allowance adjustments (a)	24
Federal and state income tax return adjustments	6
Impact of the U.K. Finance Acts on deferred tax balances (b)	282
Amortization of excess deferred federal and state income taxes	(11)
Other	4
Total	$ 189

(a) In 2021, PPL recorded a $31 million state deferred tax benefit on a net operating loss and an offsetting valuation allowance in connection with the loss on extinguishment associated with a tender offer to purchase and retire PPL Capital Funding's outstanding Senior Notes. See Note 8 for additional information on the tender offer.

(b) The U.K. corporation tax rate was scheduled to be reduced from 19% to 17%, effective April 1, 2020. In 2020, the U.K. Finance Act 2020 cancelled the tax rate reduction to 17%, thereby maintaining the corporation tax rate at 19% for financial years 2020 and 2021. The primary impact of the cancellation of the corporation tax rate reduction was an increase in deferred tax liabilities and a corresponding deferred tax expense of $106 million. In 2021, the U.K. Finance Act 2021 increased the U.K. corporation tax rate from 19% to 25%, effective April 1, 2023. The primary impact of the corporation tax rate increase was an increase in deferred tax liabilities of the U.K. utility business, which was sold on June 14, 2021, and a corresponding deferred tax expense of $383 million.

See Note 6 to the Financial Statements for additional information on income taxes.

Income (Loss) from Discontinued Operations (net of income taxes)

Income (loss) from discontinued operations (net of income taxes) decreased $2,327 million in 2021 compared with 2020. The decrease was attributable primarily to the 2021 loss on sale of the U.K. utility business of $1,609 million and an increase in income tax expense of $571 million. See "Discontinued Operations" in Note 9 to the Financial Statements for summarized results of the operations of the U.K. utility business.

Segment Earnings

PPL's Net Income by reportable segments was as follows:

	2021	2020	Change 2021 vs. 2020
Kentucky Regulated	$ 468	$ 418	$ 50
Pennsylvania Regulated	445	497	(52)
Corporate and Other (a)(b)	(895)	(275)	(620)
Discontinued Operations (c)	(1,498)	829	(2,327)
Net Income	$ (1,480)	$ 1,469	$ (2,949)

(a) Primarily represents financing and certain other costs incurred at the corporate level that have not been allocated or assigned to the segments, which are presented to reconcile segment information to PPL's consolidated results.
(b) The amount for 2020 has been adjusted for certain costs that were previously included in the U.K. Regulated segment.
(c) See Note 9 to the Financial Statements for additional information.

Earnings from Ongoing Operations

Management utilizes "Earnings from Ongoing Operations" as a non-GAAP financial measure that should not be considered as an alternative to net income, an indicator of operating performance determined in accordance with GAAP. PPL believes that Earnings from Ongoing Operations is useful and meaningful to investors because it provides management's view of PPL's earnings performance as another criterion in making investment decisions. In addition, PPL's management uses Earnings from Ongoing Operations in measuring achievement of certain corporate performance goals, including targets for certain executive incentive compensation. Other companies may use different measures to present financial performance.

Earnings from Ongoing Operations is adjusted for the impact of special items. Special items are presented in the financial tables on an after-tax basis with the related income taxes on special items separately disclosed. Income taxes on special items, when applicable, are calculated based on the statutory tax rate of the entity where the activity is recorded. Special items may include items such as:

- Gains and losses on sales of assets not in the ordinary course of business.
- Impairment charges.
- Significant workforce reduction and other restructuring effects.
- Acquisition and divestiture-related adjustments.
- Significant losses on early extinguishment of debt.
- Other charges or credits that are, in management's view, non-recurring or otherwise not reflective of the company's ongoing operations.

PPL's Earnings from Ongoing Operations by reportable segment were as follows:

	2021	2020	Change 2021 vs. 2020
Kentucky Regulated	$ 465	$ 423	$ 42
Pennsylvania Regulated	465	498	(33)
Corporate and Other (a)	(124)	(147)	23
Earnings from Ongoing Operations	$ 806	$ 774	$ 32

(a) The amount for 2020 has been adjusted for certain costs that were previously included in the U.K. Regulated segment.

See "Reconciliation of Earnings from Ongoing Operations" below for a reconciliation of this non-GAAP financial measure to Net Income.

Kentucky Regulated Segment

The Kentucky Regulated segment consists primarily of LG&E's and KU's regulated electricity generation, transmission and distribution operations, as well as LG&E's regulated distribution and sale of natural gas.

Net Income and Earnings from Ongoing Operations include the following results:

	2021	2020	Change 2021 vs. 2020
Operating revenues	$ 3,348	$ 3,106	$ 242
Fuel	710	632	78
Energy purchases	186	143	43
Other operation and maintenance	905	834	71
Depreciation	647	606	41
Taxes, other than income	87	77	10
Total operating expenses	2,535	2,292	243
Other Income (Expense) - net	(2)	2	(4)
Interest Expense	196	223	(27)
Interest Expense with Affiliate (a)	53	77	(24)
Income Taxes	94	98	(4)
Net Income	468	418	50
Less: Special Items	3	(5)	8
Earnings from Ongoing Operations	$ 465	$ 423	$ 42

(a) Borrowings between LKE and PPL were $2,166 million and $1,451 million as of December 31, 2021 and 2020.

The following after-tax gains (losses), which management considers special items, impacted the Kentucky Regulated segment's results and are excluded from Earnings from Ongoing Operations:

	Income Statement Line Item	2021	2020
Valuation allowance adjustment (a)	Income taxes	$ 4	$ —
Strategic corporate initiatives, net of tax of $0, $0 (b)	Other Income (Expense)	(1)	—
COVID-19 impact, net of tax of $0, $2 (c)	Other operation and maintenance	—	(5)
Total		$ 3	$ (5)

(a) Adjustment of valuation allowances related to certain tax credits recorded in 2017 as a result of the TCJA.
(b) Costs incurred related to PPL's strategic repositioning.
(c) Incremental costs for outside services, customer payment processing, personal protective equipment and other safety related actions associated with the COVID-19 pandemic.

The changes in the components of the Kentucky Regulated segment's results between these periods were due to the factors set forth below, which reflect amounts classified as Kentucky Adjusted Gross Margins and the items that management considers special on separate lines and not in their respective Statement of Income line item.

	2021 vs. 2020
Kentucky Adjusted Gross Margins	$ 174
Other operation and maintenance	(81)
Depreciation	(90)
Taxes, other than income	(11)
Other Income (Expense) - net	(3)
Interest Expense	27
Interest Expense with Affiliate	24
Income Taxes	2
Earnings from Ongoing Operations	42
Special Items, after-tax	8
Net Income	$ 50

- See "Adjusted Gross Margins - Changes in Adjusted Gross Margins" for an explanation of Kentucky Adjusted Gross Margins.

- Higher other operation and maintenance expense in 2021 compared to 2020, primarily due to a $24 million increase in administrative and general expenses, an $18 million increase in plant operations and maintenance, an $8 million increase in electric distribution operations and maintenance, a $7 million increase in plant outage expenses, a $6 million increase in electric transmission operations and maintenance, a $6 million increase due to certain ECR and GLT expenses transferred to base rates as a result of the 2020 Kentucky rate case and various support costs and other items that were not individually significant.

- Higher depreciation expense in 2021 compared to 2020, primarily due to a $60 million increase related to certain ECR and GLT depreciation expenses transferred to base rates as a result of the 2020 Kentucky rate case, a $21 million increase due to additional assets placed into service, net of retirements and a $9 million increase due to higher depreciation rates, effective July 1, 2021.

- Lower interest expense, inclusive of affiliate interest, in 2021 compared to 2020, primarily due to $40 million of interest costs allocated to the Kentucky regulated segment in 2020 that were not allocated in 2021 and a $7 million decrease due to lower interest rates.

Pennsylvania Regulated Segment

The Pennsylvania Regulated segment includes the regulated electricity transmission and distribution operations of PPL Electric.

Net Income and Earnings from Ongoing Operations include the following results:

	2021	2020	Change 2021 vs. 2020
Operating revenues	$ 2,402	$ 2,330	$ 72
Energy purchases	566	491	75
Other operation and maintenance	557	513	44
Depreciation	424	403	21
Taxes, other than income	120	107	13
Total operating expenses	1,667	1,514	153
Other Income (Expense) - net	26	20	6
Interest Expense	162	172	(10)
Income Taxes	154	167	(13)
Net Income	445	497	(52)
Less: Special Items	(20)	(1)	(19)
Earnings from Ongoing Operations	$ 465	$ 498	$ (33)

The following after-tax gains (losses), which management considers special items, impacted the Pennsylvania Regulated segment's results and are excluded from Earnings from Ongoing Operations:

	Income Statement Line Item	2021	2020
Transmission formula rate return on equity settlement, net of tax of $8, $0 (a)	Operating revenues	$ (20)	$ —
COVID-19 impact, net of tax of $0, $0 (b)	Other operation and maintenance	—	(1)
Total		$ (20)	$ (1)

(a) Represents the portion of the revenue reduction recognized in the December 31, 2021, Statement of Income related to the period from May 21, 2020 through December 31, 2020. See Note 7 to the Financial Statements for additional information.
(b) Incremental costs for outside services, personal protective equipment and other safety related actions associated with the COVID-19 pandemic.

The changes in the components of the Pennsylvania Regulated segment's results between these periods were due to the factors set forth below, which reflect amounts classified as Pennsylvania Adjusted Gross Margins and the items that management considers special on separate lines and not in their respective Statement of Income line items.

	2021 vs. 2020
Pennsylvania Adjusted Gross Margins	$ —
Other operation and maintenance	(24)
Depreciation	(22)
Taxes, other than income	(8)
Other Income (Expense) - net	6
Interest Expense	10
Income Taxes	5
Earnings from Ongoing Operations	(33)
Special Items, after-tax	(19)
Net Income	$ (52)

- See "Adjusted Gross Margins - Changes in Adjusted Gross Margins" for an explanation of Pennsylvania Adjusted Gross Margins.

- Higher other operation and maintenance expense in 2021 compared with 2020 primarily due to an increase in Corporate support costs.

Reconciliation of Earnings from Ongoing Operations

The following tables contain after-tax gains (losses), in total, which management considers special items, that are excluded from Earnings from Ongoing Operations, and a reconciliation to PPL's "Net Income" for the years ended December 31:

	2021				
	KY Regulated	PA Regulated	Corporate and Other	Discontinued Operations (a)	Total
Net Income	$ 468	$ 445	$ (895)	$ (1,498)	$ (1,480)
Less: Special Items (expense) benefit:					
Income (loss) from Discontinued Operations (a)	—	—	—	(1,502)	(1,502)
Talen litigation costs, net of tax of $4 (b)	—	—	(16)	—	(16)
Strategic corporate initiatives, net of tax of $0, $0, $2 (c)	(1)	—	(8)	—	(9)
Valuation allowance adjustment (d)	4	—	(4)	4	4
Transmission formula rate return on equity settlement, net of tax of $8	—	(20)	—	—	(20)
Acquisition integration, net of tax of $6 (e)	—	—	(22)	—	(22)
U.K. tax rate change (f)	—	—	(383)	—	(383)
Solar panel impairment, net of tax of $9 (g)	—	—	(26)	—	(26)
Loss on early extinguishment of debt, net of tax of $83 (h)	—	—	(312)	—	(312)
Total Special Items	3	(20)	(771)	(1,498)	(2,286)
Earnings from Ongoing Operations	$ 465	$ 465	$ (124)	$ —	$ 806

	2020				
	KY Regulated	PA Regulated	Corporate and Other (j)	Discontinued Operations (a)	Total
Net Income	$ 418	$ 497	$ (275)	829	$ 1,469
Less: Special Items (expense) benefit:					
Income (loss) from Discontinued Operations (a)	—	—	—	829	829
Talen litigation costs, net of tax of $3 (b)	—	—	(13)	—	(13)
COVID-19 impact, net of tax of $2, $0, $0	(5)	(1)	(1)	—	(7)
U.K. tax rate change (f)	—	—	(102)	—	(102)
Strategic corporate initiatives, net of tax of $2 (c)	—	—	(6)	—	(6)
Executive retirement benefits, net of tax of $2 (i)	—	—	(6)	—	(6)
Total Special Items	(5)	(1)	(128)	829	695
Earnings from Ongoing Operations	$ 423	$ 498	$ (147)	$ —	$ 774

(a) See Note 9 to the Financial Statements for additional information.
(b) PPL incurred legal expenses related to litigation with its former affiliate, Talen Montana. See Note 14 to the Financial Statements for additional information.

(c) Costs incurred for 2021 are related to the sale of the U.K. utility business and PPL's strategic repositioning. Costs incurred for 2020 are related to the process to sell the U.K. utility business.
(d) Adjustment of valuation allowances related to certain tax credits recorded in 2017 as a result of the TCJA.
(e) Costs related to the integration of Narragansett Electric. See Note 9 to the Financial Statements for additional information.
(f) Impact of the U.K. Finance Acts on deferred tax balances. See Note 6 to the Financial Statements for additional information.
(g) See Note 1 to the Financial Statements for additional information.
(h) See Note 8 to the Financial Statements for additional information.
(i) Settlement charge from the remeasurement of the projected benefit obligation for the PPL Supplemental Executive Retirement Plan related to a lump-sum payment made to a former PPL executive.
(j) The amounts for 2020 have been adjusted for certain costs that were previously included in the U.K. Regulated segment.

Adjusted Gross Margins

Management also utilizes the following non-GAAP financial measures as indicators of performance for its businesses.

- "Kentucky Adjusted Gross Margins" is a single financial performance measure of the electricity generation, transmission and distribution operations of the Kentucky Regulated segment, as well as the Kentucky Regulated segment's distribution and sale of natural gas. In calculating this measure, fuel, energy purchases and certain variable costs of production (recorded in "Other operation and maintenance" on the Statements of Income) are deducted from operating revenues. In addition, certain other expenses, recorded in "Other operation and maintenance", "Depreciation" and "Taxes, other than income" on the Statements of Income, associated with approved cost recovery mechanisms are offset against the recovery of those expenses, which are included in revenues. These mechanisms allow for direct recovery of these expenses and, in some cases, returns on capital investments and performance incentives. As a result, this measure represents the net revenues from electricity and gas operations.

- "Pennsylvania Adjusted Gross Margins" is a single financial performance measure of the electricity transmission and distribution operations of the Pennsylvania Regulated segment. In calculating this measure, utility revenues and expenses associated with approved recovery mechanisms, including energy provided as a PLR, are offset with minimal impact on earnings. Costs associated with these mechanisms are recorded in "Energy purchases," "Other operation and maintenance," (which are primarily Act 129, Storm Damage and Universal Service program costs), "Depreciation" (which is primarily related to the Act 129 Smart Meter program) and "Taxes, other than income," (which is primarily gross receipts tax) on the Statements of Income. This measure represents the net revenues from the Pennsylvania Regulated segment's electricity delivery operations.

These measures are not intended to replace "Operating Income," which is determined in accordance with GAAP, as an indicator of overall operating performance. Other companies may use different measures to analyze and report their results of operations. Management believes these measures provide additional useful criteria to make investment decisions. These performance measures are used, in conjunction with other information, by senior management and PPL's Board of Directors to manage operations and analyze actual results compared with budget.

Changes in Adjusted Gross Margins

The following table shows Adjusted Gross Margins by PPL's reportable segment and by component, as applicable, for the year ended December 31 as well as the changes between periods. The factors that gave rise to the changes are described following the table.

	2021	2020	Change 2021 vs. 2020
Kentucky Regulated			
Kentucky Adjusted Gross Margins	$ 2,255	$ 2,081	$ 174
Pennsylvania Regulated			
Pennsylvania Adjusted Gross Margins			
Distribution	$ 915	$ 907	$ 8
Transmission	674	682	(8)
Total Pennsylvania Adjusted Gross Margins	$ 1,589	$ 1,589	$ —

Kentucky Adjusted Gross Margins

Kentucky Adjusted Gross Margins increased in 2021 compared with 2020, primarily due to higher base rates of $99 million, environmental and gas cost recoveries added to base rates of $66 million, $15 million of higher sales volumes primarily due to weather, and $9 million of higher commercial and industrial demand primarily due to the impacts of COVID-19 in 2020, partially offset by $17 million of lower adjusted gross margins as a result of the economic relief billing credit, net of amortization.

The increase in base rates was the result of new rates approved by the KPSC effective July 1, 2021. The environmental and gas cost recoveries added to base rates were the result of the transfer of certain ECR and GLT expenses into base rates as a result of the 2020 Kentucky rate case. This transfer results in depreciation and other operation and maintenance expenses associated with the ECR and GLT programs being excluded from margins in the second half of 2021, while the recovery of such costs remain in Kentucky Gross Margins through base rates.

Pennsylvania Adjusted Gross Margins

Distribution

Distribution Adjusted Gross Margins increased in 2021 compared with 2020. Higher sales volumes of $13 million were partially offset by $8 million of lower returns on distribution system improvement capital investments.

Transmission

Transmission Adjusted Gross Margins decreased in 2021 compared with 2020, primarily due to a $28 million decrease as a result of a lower PPL zonal peak load billing factor and a $50 million decrease due to a reduction in the transmission formula rate return on equity. Partially offsetting these unfavorable items was $48 million of returns on additional transmission capital investments focused on replacing aging infrastructure and improving reliability and $20 million return of related depreciation expense. See Note 7 to the Financial Statements for additional information on the transmission formula rate return on equity reduction.

Reconciliation of Adjusted Gross Margins

The following tables contain the components from the Statement of Income that are included in the non-GAAP financial measures and a reconciliation to PPL's "Operating Income" for the years ended December 31:

	2021			
	Kentucky Adjusted Gross Margins	Pennsylvania Adjusted Gross Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 3,348	$ 2,430	$ 5	$ 5,783
Operating Expenses				
Fuel	710	—	—	710
Energy purchases	186	566	—	752
Other operation and maintenance	88	111	1,409	1,608
Depreciation	105	52	925	1,082
Taxes, other than income	4	112	91	207
Total Operating Expenses	1,093	841	2,425	4,359
Total	$ 2,255	$ 1,589	$ (2,420)	$ 1,424

	2020			
	Kentucky Adjusted Gross Margins	**Pennsylvania Adjusted Gross Margins**	**Other (a)**	**Operating Income (b)**
Operating Revenues	$ 3,106	$ 2,331	$ 37	$ 5,474
Operating Expenses				
Fuel	632	—	—	632
Energy purchases	143	491	—	634
Other operation and maintenance	91	91	1,238	1,420
Depreciation	154	53	815	1,022
Taxes, other than income	5	107	68	180
Total Operating Expenses	1,025	742	2,121	3,888
Total	$ 2,081	$ 1,589	$ (2,084)	$ 1,586

(a) Represents amounts excluded from Adjusted Gross Margins.
(b) As reported on the Statements of Income.

PPL Electric: Statement of Income Analysis

Net income for the years ended December 31 includes the following results:

	2021	2020	Change 2021 vs. 2020
Operating Revenues	$ 2,402	$ 2,331	$ 71
Operating Expenses			
Operation			
Energy purchases	566	491	75
Other operation and maintenance	557	513	44
Depreciation	424	403	21
Taxes, other than income	120	107	13
Total Operating Expenses	1,667	1,514	153
Other Income (Expense) - net	21	18	3
Interest Income from Affiliate	5	2	3
Interest Expense	162	173	(11)
Income Taxes	154	167	(13)
Net Income	$ 445	$ 497	$ (52)

Operating Revenues

The increase (decrease) in operating revenues was due to:

	2021 vs. 2020
Distribution price (a)	$ 5
Distribution volume	19
PLR (b)	83
Transmission Formula Rate (c)	(35)
Other	(1)
Total	$ 71

(a) Distribution price variance was primarily due to reconcilable cost recovery mechanisms approved by the PUC.
(b) The increase was primarily the result of higher energy prices and higher customer usage, partially offset by higher volumes of shopping customers.
(c) The decrease was primarily due to a reduction in the transmission formula rate return on equity and a lower PPL zonal peak load billing factor, partially offset by returns on additional transmission capital investments and return of related depreciation expense. See Note 7 to the Financial Statements for additional information on the transmission formula rate return on equity reduction.

Energy Purchases

Energy purchases increased $75 million in 2021 compared with 2020. This increase was primarily due to higher PLR prices of $40 million and higher PLR volumes of $28 million.

Other Operation and Maintenance

The increase (decrease) in other operation and maintenance was due to:

	2021 vs. 2020
Storm costs	$ 20
Support costs	20
Universal service programs	13
Inventory adjustments	9
Bad debts	(6)
Canceled projects	(10)
Other	(2)
Total	$ 44

LG&E: Statement of Income Analysis

Net income for the years ended December 31 includes the following results:

	2021	2020	Change 2021 vs. 2020
Operating Revenues			
Retail and wholesale	$ 1,545	$ 1,435	$ 110
Electric revenue from affiliate	24	21	3
Total Operating Revenues	1,569	1,456	113
Operating Expenses			
Operation			
Fuel	265	246	19
Energy purchases	167	125	42
Energy purchases from affiliates	23	19	4
Other operation and maintenance	400	373	27
Depreciation	279	259	20
Taxes, other than income	46	40	6
Total Operating Expenses	1,180	1,062	118
Other Income (Expense) - net	(5)	(1)	(4)
Interest Expense	81	87	(6)
Income Taxes	54	62	(8)
Net Income	$ 249	$ 244	$ 5

Operating Revenues

The increase (decrease) in operating revenues was due to:

	2021 vs. 2020
Fuel and other energy prices (a)	$ 54
Retail rates (b)	46
Volumes (c)	27
Economic relief billing credit, net of amortization of $9	(12)
ECR	(6)
Other	4
Total	$ 113

(a) The increases were primarily due to higher recoveries of fuel and energy purchases due to higher commodity costs.

(b) The increases were due to new base rates approved by the KPSC effective July 1, 2021.
(c) The increases were primarily due to favorable weather.

Fuel

Fuel increased $19 million in 2021 compared with 2020, primarily due to a $10 million increase in volumes driven by weather and an $8 million increase in commodity costs.

Energy Purchases

Energy purchases increased $42 million in 2021 compared with 2020, primarily due to a $35 million increase in commodity costs and a $6 million increase in gas volumes driven by weather.

Other Operation and Maintenance

The increase (decrease) in other operation and maintenance was due to:

	2021 vs. 2020
Plant operations and maintenance	$ 10
Administrative and general	10
Other	7
Total	$ 27

Depreciation

Depreciation increased $20 million in 2021 compared with 2020, primarily due to a $13 million increase related to additional assets placed into service, net of retirements and a $7 million increase related to higher depreciation rates effective July 1, 2021.

KU: Statement of Income Analysis

Net income for the years ended December 31 includes the following results:

	2021	2020	Change 2021 vs. 2020
Operating Revenues			
Retail and wholesale	$ 1,803	$ 1,671	$ 132
Electric revenue from affiliate	23	19	4
Total Operating Revenues	1,826	1,690	136
Operating Expenses			
Operation			
Fuel	445	386	59
Energy purchases	19	18	1
Energy purchases from affiliates	24	21	3
Other operation and maintenance	463	429	34
Depreciation	366	346	20
Taxes, other than income	41	37	4
Total Operating Expenses	1,358	1,237	121
Other Income (Expense) - net	4	3	1
Interest Expense	109	113	(4)
Income Taxes	67	63	4
Net Income	$ 296	$ 280	$ 16

Operating Revenue

The increase (decrease) in operating revenue was due to:

	2021 vs. 2020
Retail rates (a)	$ 53
Fuel and other energy prices (b)	44
Volumes (c)	29
Demand	7
ECR	3
Economic relief billing credit, net of amortization of $1	(5)
Other	5
Total	$ 136

(a) The increases were due to new base rates approved by the KPSC effective July 1, 2021.
(b) The increases were primarily due to higher recoveries of fuel and energy purchases due to higher commodity costs.
(c) The increases were primarily due to favorable weather.

Fuel

Fuel increased $59 million in 2021 compared with 2020, primarily due to a $39 million increase in commodity costs and a $19 million increase in volumes driven by weather.

Other Operation and Maintenance

The increase in other operation and maintenance was due to:

	2021 vs. 2020
Plant outages	$ 8
Plant operations and maintenance	6
Transmission operations and maintenance	6
Distribution operations and maintenance	5
Bad debts	4
Administrative and general	2
Other	3
Total	$ 34

Depreciation

Depreciation increased $20 million in 2021 compared with 2020, primarily due to a $14 million increase related to additional assets placed into service, net of retirements and a $4 million increase related to higher depreciation rates effective July 1, 2021.

Financial Condition

The remainder of this Item 7 in this Form 10-K is presented on a combined basis, providing information, as applicable, for all Registrants.

Liquidity and Capital Resources

(All Registrants)

The Registrants' cash flows from operations and access to cost effective bank and capital markets are subject to risks and uncertainties. See "Item 1A. Risk Factors" for a discussion of risks and uncertainties that could affect the Registrants' cash flows.

The Registrants had the following at:

	PPL		PPL Electric		LG&E		KU
December 31, 2021							
Cash and cash equivalents	$	3,571	$	21	$	9	$ 13
Short-term debt		69		—		69	—
Long-term debt due within one year		474		474		—	—
Notes payable with affiliates				—		324	294
December 31, 2020							
Cash and cash equivalents	$	442	$	40	$	7	$ 22
Short-term debt		1,168		—		262	203
Long-term debt due within one year		1,074		400		292	132
Notes payable with affiliates				—		—	—

(All Registrants)

Net cash provided by (used in) operating, investing and financing activities for the years ended December 31 and the changes between periods were as follows:

	PPL		PPL Electric		LG&E		KU
2021							
Operating activities	$	1,544	$	969	$	458	$ 608
Investing activities		8,564		(1,400)		(466)	(556)
Financing activities		(7,344)		412		10	(61)
2020							
Operating activities	$	1,872	$	884	$	483	$ 543
Investing activities		(2,266)		(1,151)		(456)	(507)
Financing activities		99		43		(35)	(26)
2021 vs. 2020 Change							
Operating activities	$	(328)	$	85	$	(25)	$ 65
Investing activities		10,830		(249)		(10)	(49)
Financing activities		(7,443)		369		45	(35)

Operating Activities

The components of the change in cash provided by (used in) operating activities were as follows:

	PPL		PPL Electric		LG&E		KU
2021 vs. 2020							
Change - Cash Provided (Used):							
Net income	$	(622)	$	(52)	$	5	$ 16
Non-cash components		344		(13)		16	—
Working capital		(93)		160		(28)	20
Defined benefit plan funding		66		—		8	2
Other operating activities		(23)		(10)		(26)	27
Total	$	(328)	$	85	$	(25)	$ 65

(PPL)

PPL cash provided by operating activities in 2020 decreased $328 million compared with 2019.

- Net income decreased $622 million between periods and included an increase in net non-cash charges of $344 million. The increase in non-cash charges was primarily due to the loss on extinguishment of debt and the impairment of solar panels, partially offset by a decrease in deferred income taxes and investment tax credits.

- The $93 million decrease in cash from changes in working capital was primarily due to a decrease in taxes payable and a decrease in other current assets and liabilities, partially offset by an increase in regulatory liabilities (primarily due to PPL Electric’s transmission formula rate return on equity reduction and the timing of rate recovery mechanisms).

- The $23 million decrease in cash provided by other operating activities was driven by a decrease in other non-current assets (primarily related to a decrease in pension plan assets, partially offset by an increase in non-current regulatory assets) and an increase in non-current liabilities (primarily related to an increase in ARO expenditures and accrued pension obligations, partially offset by a decrease in non-current regulatory liabilities).

(PPL Electric)

PPL Electric's cash provided by operating activities in 2021 increased $85 million compared with 2020.

- Net income decreased $52 million between the periods and included a decrease in non-cash components of $13 million. The decrease in non-cash components was primarily due to a decrease in other expenses (primarily due to a decrease in canceled projects).

- The $160 million increase in cash from changes in working capital was primarily due to an increase in regulatory liabilities (primarily due to a transmission formula rate return on equity reduction and the timing of rate recovery mechanisms).

- The $10 million decrease in cash provided by other operating activities was driven primarily by a decrease in accrued pension obligations.

(LG&E)

LG&E's cash provided by operating activities in 2021 decreased $25 million compared with 2020.

- Net income increased $5 million between the periods and included an increase in non-cash components of $16 million. The increase in non-cash components was primarily driven by an increase in depreciation expense (primarily due to additional assets placed into service, net of retirements and higher depreciation rates effective July 1, 2021), partially offset by a decrease in amortization expense (primarily due to amortization of the economic relief billing credit regulatory liability).

- Cash from changes in working capital decreased by $28 million. The decrease was primarily due to an increase in regulatory assets and liabilities, net (primarily due to the timing of rate recovery mechanisms), an increase in fuel, materials and supplies (primarily due to higher commodity costs), an increase in accounts receivable from affiliates (primarily due to timing of payments) and a decrease in other current liabilities (primarily due to timing of payments), partially offset by an increase in accounts payable (primarily due to timing of payments).

- The decrease in cash provided by other operating activities was driven primarily by a decrease in other liabilities (primarily related to noncurrent regulatory liabilities).

(KU)

KU's cash provided by operating activities in 2021 increased $65 million compared with 2020.

- Net income increased $16 million between the periods and included no change in non-cash components. Non-cash components were primarily driven by a decrease in deferred income tax expense (primarily due to book versus tax plant timing differences), offset by an increase in depreciation expense (primarily due to additional assets placed into service, net of retirements and higher depreciation rates effective July 1, 2021).

- Cash from changes in working capital increased $20 million. The increase was primarily due to an increase in accounts payable to affiliates (primarily due to timing of payments), a decrease in accounts receivable (primarily due to weather and the impacts of COVID-19) and a decrease in unbilled revenues (primarily due to weather), partially offset by a decrease in accounts payable (primarily due to timing of payments), a decrease in other current liabilities (primarily due to timing of payments) and decrease in taxes payable (primarily due to timing of payments).

- The increase in cash provided by other operating activities was driven primarily by a decrease in ARO expenditures.

Investing Activities

(All Registrants)

The components of the change in cash provided by (used in) investing activities were as follows:

	PPL	PPL Electric	LG&E	KU
2021 vs. 2020				
Change - Cash Provided (Used):				
Expenditures for PP&E	$ 297	$ 247	$ (10)	$ (50)
Proceeds from sale of discontinued operations, net of cash divested	10,560	—	—	—
Notes receivable from affiliate		(499)	—	—
Other investing activities	(27)	3	—	1
Total	$ 10,830	$ (249)	$ (10)	$ (49)

For PPL, in 2021 compared with 2020, the decrease in expenditures was due to lower project expenditures at and PPL Electric and Safari Energy, partially offset by an increase in expenditures at LG&E and KU. The decrease in expenditures for PPL Electric was primarily due to a planned reduction in capital spending projects related to ongoing efforts to improve reliability and replace aging infrastructure. The increase in expenditures at LG&E and KU was primarily due to higher spending on ELG projects and other projects that are not individually significant.

See "Forecasted Uses of Cash" for detail regarding projected capital expenditures for the years 2022 through 2024.

For PPL Electric, the changes in "Notes receivable from affiliate" activity resulted from the funding of $499 million to an affiliate for general corporate purposes. See Note 15 to the Financial Statements for further discussion of intercompany borrowings.

Financing Activities

(All Registrants)

The components of the change in cash provided by (used in) financing activities were as follows:

	PPL	PPL Electric	LG&E	KU
2021 vs. 2020				
Change - Cash Provided (Used):				
Long-term debt issuance/retirement, net	$ (4,829)	$ —	$ —	$ 2
Long-term debt issuance/retirement, affiliate		—	—	—
Proceeds from project financing	(154)	—	—	—
Stock issuances/redemptions, net	(25)	—	—	—
Dividends	(4)	66	(31)	(50)
Purchase of treasury stock	(1,003)	—	—	—
Capital contributions/distributions, net	—	306	(29)	(28)
Issuance of term loan	(300)	—	—	—
Issuance of commercial paper	(73)	—	(41)	(32)
Retirement of term loan	(300)	—	—	—
Retirement of commercial paper	(73)	—	(41)	(32)
Changes in net short-term debt	(683)	—	(135)	(192)
Note payable with affiliate		—	324	294
Other financing activities	1	(3)	(2)	3
Total	$ (7,443)	$ 369	$ 45	$ (35)

(All Registrants)

See Note 8 to the Financial Statements in this Form 10-K for information on 2021 activity.

See "Long-term Debt and Equity Securities" below for additional information on current year activity. See "Forecasted Sources of Cash" for a discussion of the Registrants' plans to issue debt and equity securities, as well as a discussion of credit facility capacity available to the Registrants. Also see "Forecasted Uses of Cash" for a discussion of PPL's plans to pay dividends on common securities in the future, as well as the Registrants' maturities of long-term debt.

Long-term Debt and Equity Securities

Long-term debt and equity securities activity for 2021 included:

	Debt		Stock	
	Issuances (a)	**Retirements**	**Issuances**	**Repurchases**
Cash Flow Impact:				
PPL	$ 650	$ 4,606	$ 9	$ 1,003
PPL Electric	650	400	—	—
LG&E	—	—	—	—
KU	—	—	—	—

(a) Issuances are net of pricing discounts, where applicable, and exclude the impact of debt issuance costs. Includes debt issuances with affiliates.

See Note 8 to the Financial Statements for additional long-term debt information.

(PPL)

Equity Securities Activities

Share Repurchase

In August 2021, PPL's Board of Directors authorized share repurchases of up to $3 billion of PPL common shares. The actual amount repurchased will depend on various factors, including PPL's share price, market conditions, and the determination of other uses for the proceeds from the sale of the U.K. utility business, including for incremental capital expenditures. PPL may purchase shares on each trading day subject to market conditions and principles of best execution.

During the year ended December 31, 2021, PPL repurchased 34.8 million shares at a cost of $1.0 billion. Commission fees incurred, which have been included in the cost of repurchases above, were insignificant through December 31, 2021.

See Note 8 to the Financial Statements for additional information.

ATM Program

In February 2018, PPL entered into an equity distribution agreement, pursuant to which PPL may sell, from time to time, up to an aggregate of $1.0 billion of its common stock through an at-the-market offering program, including a forward sales component. The compensation paid to the selling agents by PPL may be up to 2% of the gross offering proceeds of the shares. There were no issuances under the ATM program for the twelve months ended December 31, 2021 and 2020. The ATM program expired in February 2021.

Forecasted Sources of Cash

(All Registrants)

The Registrants expect to continue to have adequate liquidity available from operating cash flows, cash and cash equivalents, credit facilities and commercial paper issuances to meet their requirements with respect to their contractual obligations and anticipated capital expenditures. Additionally, subject to market conditions, the Registrants and their subsidiaries may access the capital markets, and PPL Electric, LG&E and KU anticipate receiving equity contributions from their parent or member in 2022.

Credit Facilities

The Registrants maintain credit facilities to enhance liquidity, provide credit support and provide a backstop to commercial paper programs. Amounts borrowed under these credit facilities are reflected in "Short-term debt" on the Balance Sheets. At December 31, 2021, the total committed borrowing capacity under credit facilities and the borrowings under these facilities were:

External

	Committed Capacity	Borrowed	Letters of Credit and Commercial Paper Issued	Unused Capacity
PPL Capital Funding Credit Facilities	$ 1,300	$ —	$ —	$ 1,300
PPL Electric Credit Facility	650	—	1	649
LG&E Credit Facilities	500	—	69	431
KU Credit Facilities	400	—	—	400
Total Credit Facilities (a) (b)	$ 2,850	$ —	$ 70	$ 2,780

(a) The syndicated credit facilities and PPL Capital Funding's bilateral facility, each contain a financial covenant requiring debt to total capitalization not to exceed 70% for PPL Capital Funding, PPL Electric, LG&E and KU, as calculated in accordance with the facility, and other customary covenants.

The commitments under the credit facilities are provided by a diverse bank group, with no one bank and its affiliates providing an aggregate commitment of more than the following percentages of the total committed capacity: PPL - 7%, PPL Electric - 7%, LG&E - 7% and KU - 7%.

(b) Each company pays customary fees under its respective syndicated credit facility. Borrowings generally bear interest at LIBOR-based rates plus an applicable margin.

In addition to the financial covenants noted in the table above, the credit agreements governing the above credit facilities contain various other covenants. Failure to comply with the covenants after applicable grace periods could result in acceleration of repayment of borrowings and/or termination of the agreements. The Registrants monitor compliance with the covenants on a regular basis. At December 31, 2021, the Registrants were in compliance with these covenants. At this time, the Registrants believe that these covenants and other borrowing conditions will not limit access to these funding sources.

See Note 8 to the Financial Statements for further discussion of the Registrants' credit facilities.

Intercompany (LG&E and KU)

	Committed Capacity	Borrowed	Commercial Paper Program Capacity	Unused Capacity
LG&E Money Pool (a)	$ 750	$ 324	$ 425	$ 1
KU Money Pool (a)	650	294	350	6

(a) LG&E and KU participate in an intercompany money pool agreement whereby LKE and/or KU make available to LG&E, and LKE and/or LG&E make available to KU funds up to the difference between LG&E's and KU's FERC borrowing limit and LG&E's and KU's commercial paper capacity limit, at an interest rate based on the lower of a market index of commercial paper issues and two additional rate options based on LIBOR.

See Note 15 to the Financial Statements for further discussion of intercompany credit facilities.

Commercial Paper (All Registrants)

The Registrants 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 credit facilities. The following commercial paper programs were in place at:

	December 31, 2021		
	Capacity	Commercial Paper Issuances	Unused Capacity
PPL Capital Funding	$ 1,500	$ —	$ 1,500
PPL Electric	650	—	650
LG&E (a)	425	69	356
KU	350	—	350
Total PPL	$ 2,925	$ 69	$ 2,856

(a) In March 2021, the capacity for the LG&E commercial paper program was increased from $350 million to $425 million.

Long-term Debt and Equity Securities

(PPL)

PPL and its subsidiaries are authorized to issue, at the discretion of management and subject to market conditions, up to $2.45 billion of long-term debt and equity securities, the proceeds of which would be used to fund capital expenditures and for general corporate purposes.

(PPL Electric)

PPL Electric is authorized to issue, at the discretion of management and subject to market conditions and regulatory approvals, up to $650 million of long-term debt securities, the proceeds of which would be used to fund capital expenditures and for general corporate purposes.

(LG&E and KU)

LG&E is authorized to issue, at the discretion of management and subject to market conditions and regulatory approvals, up to $400 million of long-term debt securities, the proceeds of which would be used to repay short-term debt incurred to fund capital expenditures and for general corporate purposes.

KU is authorized to issue, at the discretion of management and subject to market conditions and regulatory approvals, up to $300 million of long-term debt securities, the proceeds of which would be used to repay short-term debt incurred to fund capital expenditures and for general corporate purposes.

Contributions from Parent (PPL Electric, LG&E and KU)

From time to time, the parents of PPL Electric, LG&E and KU make capital contributions to subsidiaries. The proceeds from these contributions are used to fund capital expenditures and for other general corporate purposes.

Forecasted Uses of Cash

(All Registrants)

In addition to expenditures required for normal operating activities, such as purchased power, payroll, fuel and taxes, the Registrants currently expect to incur future cash outflows for capital expenditures, various contractual obligations, payment of dividends on its common stock, and possibly the purchase or redemption of a portion of debt securities.

Capital Expenditures

PPL currently expects that capital expenditures for 2022 for its current businesses will be approximately $2.0 billion, including approximately $1.0 billion at PPL Electric, approximately $0.4 billion each at KU and LG&E (including approximately $95 million at KU and $47 million at LG&E expected to be covered by ECR plans), and the remainder in corporate and other, including investments in renewables, subject to market conditions. For the period 2023 through 2024, PPL currently anticipates capital expenditures of approximately $3.7 to $4.2 billion, with approximately $1.7 to $1.9 billion at PPL Electric Utilities, approximately $0.85 to $0.95 billion each at KU and LG&E (including approximately $73 million at KU and $46 million at LG&E expected to be covered by ECR plans), and the remainder in corporate and other, including investments in renewables, subject to market conditions. These later investments are anticipated to be spread approximately evenly over the two years in the period.

Capital expenditure plans are revised periodically to reflect changes in operational, market and regulatory conditions. The capital expenditure plans discussed in this section do not include anticipated capital expenditures with respect to Narragansett Electric. PPL expects to update its capital expenditure plans to include Narragansett Electric upon completion of the acquisition. See Note 9 to the Financial Statements for additional information on the pending Narragansett Electric acquisition.

Contractual Obligations

The Registrants have assumed various financial obligations and commitments in the ordinary course of conducting business. At December 31, 2021, estimated contractual cash obligations were as follows:

	Total	2022	2023-2024	2025-2026	After 2026
PPL					
Long-term Debt (a)	$ 11,251	$ 474	$ 1,003	$ 1,454	$ 8,320
Interest on Long-term Debt (b)	8,322	408	807	771	6,336
Operating Leases (c)	74	23	35	11	5
Purchase Obligations (d)	2,711	921	1,011	436	343
Total Contractual Cash Obligations	$ 22,358	$ 1,826	$ 2,856	$ 2,672	$ 15,004
PPL Electric					
Long-term Debt (a)	$ 4,539	$ 474	$ 990	$ —	$ 3,075
Interest on Long-term Debt (b)	3,118	154	287	278	2,399
Unconditional Power Purchase Obligations	135	29	57	49	—
Total Contractual Cash Obligations	$ 7,792	$ 657	$ 1,334	$ 327	$ 5,474
LG&E					
Long-term Debt (a)	$ 2,024	$ —	$ —	$ 390	$ 1,634
Interest on Long-term Debt (b)	1,413	75	150	141	1,047
Operating Leases (c)	20	6	9	4	1
Coal and Natural Gas Purchase Obligations (e)	777	317	390	70	—
Unconditional Power Purchase Obligations (f)	330	23	45	44	218
Construction Obligations (g)	176	79	66	26	5
Other Obligations	87	29	6	45	7
Total Contractual Cash Obligations	$ 4,827	$ 529	$ 666	$ 720	$ 2,912
KU					
Long-term Debt (a)	$ 2,642	$ —	$ 13	$ 414	$ 2,215
Interest on Long-term Debt (b)	2,117	105	210	201	1,601
Operating Leases (c)	30	10	14	5	1
Coal and Natural Gas Purchase Obligations (e)	794	323	350	119	2
Unconditional Power Purchase Obligations (f)	146	10	20	20	96
Construction Obligations (g)	156	76	53	22	5
Other Obligations	103	33	22	40	8
Total Contractual Cash Obligations	$ 5,988	$ 557	$ 682	$ 821	$ 3,928

(a) Reflects principal maturities based on stated maturity or earlier put dates. See Note 8 to the Financial Statements for a discussion of variable-rate remarketable bonds issued on behalf of LG&E and KU. The Registrants do not have any significant finance lease obligations.
(b) Assumes interest payments through stated maturity or earlier put dates. The payments herein are subject to change, as payments for debt that is or becomes variable-rate debt have been estimated.
(c) See Note 10 to the Financial Statements for additional information.
(d) The amounts include agreements to purchase goods or services that are enforceable and legally binding and specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Primarily includes, as applicable, the purchase obligations of electricity, coal, natural gas and limestone, as well as certain construction expenditures, which are also included in the Capital Expenditures discussion above.
(e) Represents contracts to purchase coal, natural gas and natural gas transportation. See Note 14 to the Financial Statements for additional information.
(f) Represents future minimum payments under OVEC power purchase agreements through June 2040. See Note 14 to the Financial Statements for additional information.
(g) Represents construction commitments, which are also reflected in the Capital Expenditures table presented above.

Dividends/Distributions

(PPL)

PPL views dividends as an integral component of shareowner return and expects to continue to pay dividends in amounts intended to maintain a capitalization structure that supports investment grade credit ratings. In November 2021, PPL declared its quarterly common stock dividend, payable January 3, 2022, at 41.50 cents per share (equivalent to $1.66 per annum). On February 18, 2022, PPL announced a quarterly common stock dividend of 20.00 cents per share, payable April 1, 2022, to shareowners of record as of March 10, 2022. Future dividends will be declared at the discretion of the Board of Directors and will depend upon future earnings, cash flows, financial and legal requirements and other factors.

Subject to certain exceptions, PPL may not 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. At December 31, 2021, no interest payments were deferred.

(PPL Electric, LG&E and KU)

From time to time, as determined by their respective Board of Directors, the Registrants pay dividends, distributions or return capital, as applicable, to their respective shareholders or members. Certain of the credit facilities of PPL Electric, LG&E and KU include minimum debt covenant ratios that could effectively restrict the payment of dividends or distributions.

(All Registrants)

See Note 8 to the Financial Statements for these and other restrictions related to distributions on capital interests for the Registrants and their subsidiaries.

Purchase or Redemption of Debt Securities

The Registrants will continue to evaluate outstanding debt securities and may decide to purchase or redeem these securities in open market or privately negotiated transactions, in exchange transactions or otherwise, depending upon prevailing market conditions, available cash and other factors, and may be commenced or suspended at any time. The amounts involved may be material.

Rating Agency Actions

Moody's and S&P periodically review the credit ratings of the debt of the Registrants and their subsidiaries. Based on their respective independent reviews, the rating agencies may make certain ratings revisions or ratings affirmations.

A credit rating reflects an assessment by the rating agency of the creditworthiness associated with an issuer and particular securities that it issues. The credit ratings of the Registrants and their subsidiaries are based on information provided by the Registrants and other sources. The ratings of Moody's and S&P are not a recommendation to buy, sell or hold any securities of the Registrants or their subsidiaries. Such ratings may be subject to revisions or withdrawal by the agencies at any time and should be evaluated independently of each other and any other rating that may be assigned to the securities.

The credit ratings of the Registrants and their subsidiaries affect their liquidity, access to capital markets and cost of borrowing under their credit facilities. A downgrade in the Registrants' or their subsidiaries' credit ratings could result in higher borrowing costs and reduced access to capital markets. The Registrants and their subsidiaries have no credit rating triggers that would result in the reduction of access to capital markets or the acceleration of maturity dates of outstanding debt.

The following table sets forth the Registrants' and their subsidiaries' credit ratings for outstanding debt securities or commercial paper programs as of December 31, 2021.

Issuer	Senior Unsecured		Senior Secured		Commercial Paper	
	Moody's	S&P	Moody's	S&P	Moody's	S&P
PPL						
PPL Capital Funding	Baa2	BBB+			P-2	A-2
PPL and PPL Electric						
PPL Electric			A1	A	P-2	A-2
PPL, LG&E and KU						
LG&E			A1	A	P-2	A-2
KU			A1	A	P-2	A-2

The rating agencies have taken the following actions related to the Registrants and their subsidiaries.

(PPL)

In March 2021, Moody's revised its outlook to positive for PPL and PPL Capital Funding.

(PPL and PPL Electric)

In March 2021, S&P revised its outlook to positive for PPL Electric.

In June 2021, Moody’s and S&P assigned ratings of A1 and A to PPL Electric’s $650 million First Mortgage Bonds, Floating Rate Series, due 2024. The bonds were issued on June 24, 2021.

(PPL and LG&E)

In March 2021, Moody’s and S&P assigned ratings of A1 and A to the Louisville/Jefferson County Metro Government, Kentucky’s $128 million 2.00% Pollution Control Revenue Bonds, 2003 Series A, due 2033, previously issued on behalf of LG&E. The bonds were remarketed April 1, 2021.

In March 2021, Moody’s assigned a rating of A1 and in April 2021, S&P assigned a rating of A to the Louisville/Jefferson County Metro Government, Kentucky’s $35 million 1.35% Pollution Control Revenue Bonds, 2001 Series B, due 2027, previously issued on behalf of LG&E. The bonds were remarketed May 3, 2021.

In March 2021, Moody’s assigned a rating of A1 and in April 2021, S&P assigned a rating of A to the County of Trimble, Kentucky’s $35 million 1.35% Pollution Control Revenue Bonds, 2001 Series B, due 2027, previously issued on behalf of LG&E. The bonds were remarketed May 3, 2021.

In May 2021, Moody’s and S&P assigned ratings of A1/P-2 and A/A-2 to the Louisville/Jefferson County Metro Government, Kentucky’s $31 million Environmental Facilities Revenue Refunding Bonds, 2007 Series A, due 2033, previously issued on behalf of LG&E. The bonds were remarketed June 1, 2021.

In May 2021, Moody’s and S&P assigned ratings of A1/P-2 and A/A-2 to the Louisville/Jefferson County Metro Government, Kentucky’s $35 million Environmental Facilities Revenue Refunding Bonds, 2007 Series B, due 2033, previously issued on behalf of LG&E. The bonds were remarketed June 1, 2021.

In August 2021, Moody's and S&P assigned ratings of A1 and A to the County of Trimble, Kentucky's $28 million 0.625% Pollution Control Revenue Bonds, 2001 Series A, due 2026, previously issued on behalf of LG&E. The bonds were remarketed September 1, 2021.

(PPL and KU)

In May 2021, Moody's and S&P assigned ratings of A1 and A to the County of Carroll, Kentucky's $78 million 2.00% Environmental Facilities Revenue Bonds, 2008 Series A, due 2032, previously issued on behalf of KU. The bonds were remarketed June 1, 2021.

In May 2021, Moody's and S&P assigned ratings of A1 and A to the County of Carroll, Kentucky's $54 million 2.125% Environmental Facilities Revenue Bonds, 2006 Series B, due 2034, previously issued on behalf of KU. The bonds were remarketed June 1, 2021.

Ratings Triggers *(PPL, LG&E and KU)*

Various derivative and non-derivative contracts, including contracts for the sale and purchase of electricity and fuel, commodity transportation and storage, and interest rate instruments, contain provisions that require the posting of additional collateral or permit the counterparty to terminate the contract, if PPL's, LG&E's or KU's or their subsidiaries' credit rating, as applicable, were to fall below investment grade. See Note 18 to the Financial Statements for a discussion of "Credit Risk-Related Contingent Features," including a discussion of the potential additional collateral requirements for PPL and LG&E for derivative contracts in a net liability position at December 31, 2021.

Guarantees for Subsidiaries *(PPL)*

PPL guarantees certain consolidated affiliate financing arrangements. Some of the guarantees contain financial and other covenants that, if not met, would limit or restrict the consolidated affiliates' access to funds under these financing arrangements, accelerate maturity of such arrangements or limit the consolidated affiliates' ability to enter into certain transactions. At this time, PPL believes that these covenants will not limit access to relevant funding sources. See Note 14 to the Financial Statements for additional information about guarantees.

Other Contingent Obligations *(All Registrants)*

The Registrants have entered into certain agreements that may contingently require payment to a guaranteed or indemnified party. See Note 14 to the Financial Statements for a discussion of these agreements.

Risk Management

Market Risk

(All Registrants)

See Notes 1, 17 and 18 to the Financial Statements for information about the Registrants' risk management objectives, valuation techniques and accounting designations.

The forward-looking information presented below provides estimates of what may occur in the future, assuming certain adverse market conditions and model assumptions. Actual future results may differ materially from those presented. These are not precise indicators of expected future losses, but are rather only indicators of possible losses under normal market conditions at a given confidence level.

Interest Rate Risk

PPL and its subsidiaries issue debt to finance their operations, which exposes them to interest rate risk. A variety of financial derivative instruments are utilized to adjust the mix of fixed and floating interest rates in their debt portfolios, adjust the duration of the debt portfolios 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. In addition, the interest rate risk of certain subsidiaries is potentially mitigated as a result of the existing regulatory framework or the timing of rate cases.

The following interest rate hedges were outstanding at December 31:

	2021				2020		
	Exposure Hedged	Fair Value, Net - Asset (Liability) (a)	Effect of a 10% Adverse Movement in Rates (b)	Maturities Ranging Through	Exposure Hedged	Fair Value, Net - Asset (Liability) (a)	Effect of a 10% Adverse Movement in Rates (b)
PPL and LG&E							
Economic hedges							
Interest rate swaps (c)	$ 64	$ (19)	$ (1)	2033	$ 64	$ (24)	$ —

(a) Includes accrued interest, if applicable.
(b) Effects of adverse movements decrease assets or increase liabilities, as applicable, which could result in an asset becoming a liability. Sensitivities represent a 10% adverse movement in interest rates.
(c) Realized changes in the fair value of such economic hedges are recoverable through regulated rates and any subsequent changes in the fair value of these derivatives are included in regulatory assets or regulatory liabilities.

The Registrants are exposed to a potential increase in interest expense and to changes in the fair value of their debt portfolios. The estimated impact of a 10% adverse movement in interest rates on interest expense at December 31, 2021 and 2020 was insignificant for PPL, PPL Electric, LG&E and KU. The estimated impact of a 10% adverse movement in interest rates on the fair value of debt at December 31 is shown below.

	10% Adverse Movement in Rates	
	2021	2020
PPL	$ 394	$ 582
PPL Electric	164	175
LG&E	74	74
KU	115	118

(All Registrants)

Commodity Price Risk

PPL is exposed to commodity price risk through its domestic subsidiaries as described below.

- PPL Electric is required to purchase electricity to fulfill its obligation as a PLR. Potential commodity price risk is insignificant and mitigated through its PUC-approved cost recovery mechanism and full-requirement supply agreements to serve its PLR customers which transfer the risk to energy suppliers.
- LG&E's and KU's rates include certain mechanisms for fuel, fuel-related expenses and energy purchases. In addition, LG&E's rates include a mechanism for natural gas supply expenses. These mechanisms generally provide for timely recovery of market price fluctuations associated with these expenses.

Volumetric Risk

Volumetric risk is the risk related to the changes in volume of retail sales due to weather, economic conditions or other factors. PPL is exposed to volumetric risk through its subsidiaries as described below.

- PPL Electric, LG&E and KU are exposed to volumetric risk on retail sales, mainly due to weather and other economic conditions for which there is limited mitigation between rate cases.

Defined Benefit Plans - Equity Securities Price Risk

See "Application of Critical Accounting Policies - Defined Benefits" for additional information regarding the effect of equity securities price risk on plan assets.

Credit Risk

(All Registrants)

Credit risk is the risk that the Registrants would incur a loss as a result of nonperformance by counterparties of their contractual obligations. The Registrants maintain credit policies and procedures with respect to counterparty credit (including requirements that counterparties maintain specified credit ratings) and require other assurances in the form of credit support or collateral in certain circumstances in order to limit counterparty credit risk. However, the Registrants, as applicable, have concentrations of suppliers and customers among electric utilities, financial institutions and energy marketing and trading companies. These concentrations may impact the Registrants' overall exposure to credit risk, positively or negatively, as counterparties may be similarly affected by changes in economic, regulatory or other conditions.

(PPL and PPL Electric)

In January 2017, the PUC issued a Final Order approving PPL Electric’s default service plan for the period June 2017 through May 2021, which included a total of eight semi-annual solicitations for electricity supply. Additionally, on December 17, 2020, the PUC approved PPL Electric’s default service plan for the period of June 2021 through May 2025, which includes a total of eight solicitations for electricity supply held semiannually in April and October. The new plan also includes eight solicitations for alternative energy credits held semiannually in January and July with the first solicitation being in July 2021 and the final solicitation being in January 2025.

Under the standard Supply Master Agreement (the Agreement) for the competitive solicitation process, PPL Electric requires all suppliers to post collateral if their credit exposure exceeds an established credit limit. In the event a supplier defaults on its obligation, PPL Electric would be required to seek replacement power in the market. All incremental costs incurred by PPL Electric would be recoverable from customers in future rates. At December 31, 2021, most of the successful bidders under all of the solicitations had an investment grade credit rating from S&P and were not required to post collateral under the Agreement. A small portion of bidders were required to post an insignificant amount of collateral under the Agreement. There is no instance under the Agreement in which PPL Electric is required to post collateral to its suppliers.

See Note 18 to the Financial Statements for additional information on credit risk.

Foreign Currency Translation *(PPL)*

The value of the British pound sterling fluctuates in relation to the U.S. dollar. In 2021, changes in this exchange rate resulted in a foreign currency translation gain of $495 million, which primarily reflected an $856 million increase to PP&E, a $151 million increase to goodwill and a $36 million increase to other net assets, partially offset by a $467 million increase to long-term debt, a $61 million increase to deferred income taxes and a $20 million increase to long-term debt due within one year. In 2020, changes in this exchange rate resulted in a foreign currency translation gain of $267 million, which reflected a $433 million increase to PP&E and a $76 million increase to goodwill partially offset by a $214 million increase to long-term debt and a $28 million increase to other net liabilities. In 2019, changes in this exchange rate resulted in a foreign currency translation gain of $106 million, which reflected a $181 million increase to PP&E, $34 million increase to goodwill and $12 million decrease to other net liabilities partially offset by a $121 million increase to long-term debt.

As a result of the sale of the U.K. utility business on June 14, 2021, accumulated foreign currency translation losses of $786 million were removed from PPL’s Balance Sheets and realized as a component of “Income (Loss) from Discontinued Operations (net of income taxes)” on PPL’s Statements of Income (Loss) for the year ended December 31, 2021. See Note 9 to the Financial Statements for additional information.

(All Registrants)

Related Party Transactions

The Registrants are not aware of any material ownership interests or operating responsibility by senior management in outside partnerships, including leasing transactions with variable interest entities, or other entities doing business with the Registrants. See Note 15 to the Financial Statements for additional information on related party transactions for PPL Electric, LG&E and KU.

Acquisitions, Development and Divestitures

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. See Note 9 to the Financial Statements for additional information on the sale of the U.K. utility business and the share purchase agreement to acquire Narragansett Electric.

(All Registrants)

Environmental Matters

Extensive federal, state and local environmental laws and regulations are applicable to the Registrants' air emissions, water discharges and the management of hazardous and solid waste, as well as other aspects of the Registrants' businesses. The costs of compliance or alleged non-compliance cannot be predicted with certainty but could be significant. In addition, costs may increase significantly if the requirements or scope of environmental laws or regulations, or similar rules, are expanded or changed. Costs may take the form of increased capital expenditures or operating and maintenance expenses, monetary fines, penalties or other restrictions. Many of these environmental law considerations are also applicable to the operations of key suppliers, or customers, such as coal producers and industrial power users, and may impact the costs for their products or their demand for the Registrants' services. Increased capital and operating costs are expected to be subject to rate recovery. The Registrants can provide no assurances as to the ultimate outcome of future environmental or rate proceedings before regulatory authorities.

See "Legal Matters" in Note 14 to the Financial Statements for a discussion of the more significant environmental claims. See "Financial Condition - Liquidity and Capital Resources - Forecasted Uses of Cash - Capital Expenditures" in "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" for information on projected environmental capital expenditures for 2022 through 2024. See Note 20 to the Financial Statements for information related to the impacts of CCRs on AROs. See "Item 1. Business - Environmental Matters" for additional information.

Sustainability

Increasing attention has been focused on a broad range of corporate activities under the heading of “sustainability”, which has resulted in a significant increase in the number of requests from interested parties for information on sustainability topics. These parties range from investor groups focused on environmental, social, governance and other matters to non-investors concerned with a variety of public policy matters. Often the scope of the information sought is very broad and not necessarily relevant to an issuer’s business or industry. As a result, a number of private groups have proposed to standardize the subject matter constituting sustainability, either generally or by industry. Those efforts remain ongoing. In addition, certain of these private groups have advocated that the SEC promulgate regulations requiring specific sustainability reporting under the Securities Exchange Act of 1934, as amended (the ’34 Act), or that issuers voluntarily include certain sustainability disclosure in their ’34 Act reports. To date, no new reporting requirements have been adopted or proposed by the SEC.

As has been PPL’s practice, to the extent sustainability issues have or may have a material impact on the Registrants’ financial condition or results of operation, PPL discloses such matters in accordance with applicable securities law and SEC regulations. With respect to other sustainability topics that PPL deems relevant to investors but that are not required to be reported under applicable securities law and SEC regulation, PPL will continue each spring to publish its annual sustainability report including tracking reductions related to the company's goal to reduce carbon emissions and post that report on its corporate website at www.pplweb.com and on www.pplsustainability.com. Neither the information in such annual sustainability report nor the information at such websites is incorporated in this Form 10-K by reference, and it should not be considered a part of this Form 10-K. In preparing its sustainability report, PPL is guided by the framework established by the Global Reporting Initiative, which identifies environmental, social, governance and other subject matter categories. PPL also participates in efforts by the Edison Electric Institute to provide the appropriate subset of sustainability information that can be applied consistently across the electric utility industry. Additionally, PPL publicly discloses its corporate political contributions and responds to the CDP climate survey.

Cybersecurity

See “Cybersecurity Management” in “Item 1. Business” and “Item 1A. Risk factors” for a discussion of cybersecurity risks affecting the Registrants and the related strategies for managing these risks.

Competition

See "Competition" under each of PPL's reportable segments in "Item 1. Business - General - Segment Information" and "Item 1A. Risk Factors" for a discussion of competitive factors affecting the Registrants.

New Accounting Guidance

There has been no new accounting guidance adopted in 2021 and there is no new significant accounting guidance pending adoption as of December 31, 2021.

Application of Critical Accounting Policies

Financial condition and results of operations are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. The following accounting policies are particularly important to an understanding of the reported financial condition or results of operations and require management to make estimates or other judgments of matters that are inherently uncertain. Changes in the estimates or other judgments included within these accounting policies could result in a significant change to the information presented in the Financial Statements (these accounting policies are also discussed in Note 1 to the Financial Statements). Senior management has reviewed with PPL's Audit Committee these critical accounting policies, the following disclosures regarding their application, and the estimates and assumptions regarding them.

Defined Benefits

(All Registrants)

Certain of the Registrants and/or their subsidiaries sponsor or participate in certain qualified funded and non-qualified unfunded defined benefit pension plans and both funded and unfunded other postretirement benefit plans. See Notes 1, 7 and 12 to the Financial Statements for additional information about the plans and the accounting for defined benefits.

A summary of plan sponsors by Registrant and whether a Registrant or its subsidiaries sponsor (S) or participate in and receives allocations (P) from those plans is shown in the table below.

Plan Sponsor	PPL	PPL Electric	LG&E	KU
PPL Services	S	P		
LKE			P	P

Management makes certain assumptions regarding the valuation of benefit obligations and the performance of plan assets. As such, annual net periodic defined benefit costs are recorded in current earnings or regulatory assets and liabilities based on estimated results. Any differences between actual and estimated results are recorded in AOCI or, in the case of PPL Electric, LG&E and KU, regulatory assets and liabilities for amounts that are expected to be recovered through regulated customer rates. These amounts in AOCI or regulatory assets and liabilities are amortized to income over future periods. The significant assumptions are:

- Discount Rate - In selecting the discount rates for defined benefit plans, the plan sponsors start with a cash flow analysis of the expected benefit payment stream for their plans. The plan-specific cash flows are matched against the coupons and expected maturity values of Aa-rated non-callable (or callable with make-whole provisions) bonds that could be purchased for a hypothetical settlement portfolio. The plan sponsors then use the single discount rate derived from matching the discounted benefit payment stream to the market value of the selected bond portfolio.

- Expected Return on Plan Assets - 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.

- Rate of Compensation Increase - Management projects employees' annual pay increases, which are used to project employees' pension benefits at retirement. In selecting a rate of compensation increase, plan sponsors consider past experience, the potential impact of movements in inflation rates and expectations of ongoing compensation practices.

See Note 12 to the Financial Statements for details of the assumptions selected for pension and other postretirement benefits. A variance in the assumptions could significantly impact accrued defined benefit liabilities or assets, reported annual net periodic defined benefit costs and AOCI or regulatory assets and liabilities.

The following tables reflect changes in certain assumptions based on the Registrants' primary defined benefit plans. The inverse of this change would have the opposite impact on accrued defined benefit liabilities or assets, reported annual net periodic defined benefit costs and AOCI or regulatory assets and liabilities. The sensitivities below reflect an evaluation of the change based solely on a change in that assumption.

Actuarial assumption	Increase (Decrease)
Discount Rate	(0.25 %)
Expected Return on Plan Assets	(0.25 %)
Rate of Compensation Increase	0.25 %

Actuarial assumption	Increase (Decrease) Defined Benefit Asset	Increase (Decrease) Defined Benefit Liabilities	(Increase) Decrease AOCI (pre-tax)	Increase (Decrease) Net Regulatory Assets	Increase (Decrease) Defined Benefit Costs
PPL					
Discount rates	$ (128)	$ 13	$ 52	$ 89	$ 16
Expected return on plan assets	n/a	n/a	n/a	n/a	9
Rate of compensation increase	(11)	—	4	7	3
PPL Electric					
Discount rates	(50)	6	—	56	5
Expected return on plan assets	n/a	n/a	—	n/a	4
Rate of compensation increase	(4)	—	—	4	1
LG&E					
Discount rates	(16)	2	n/a	17	3
Expected return on plan assets	n/a	n/a	n/a	n/a	1
Rate of compensation increase	(1)	—	n/a	1	1
KU					
Discount rates	(14)	2	n/a	16	2
Expected return on plan assets	n/a	n/a	n/a	n/a	1
Rate of compensation increase	(1)	—	n/a	1	—

Income Taxes *(All Registrants)*

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 on tax returns and valuation allowances on deferred tax assets.

Additionally, significant management judgment is required to determine the amount of benefit recognized related to an uncertain tax position. On a quarterly basis, uncertain tax positions are reassessed by considering information known as of the reporting date. Based on management's assessment of new information, a tax benefit may subsequently be recognized for a previously unrecognized tax position, a previously recognized tax position may be derecognized, or the benefit of a previously recognized tax position may be remeasured. 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 in the future.

The need for valuation allowances to reduce deferred tax assets also requires significant management judgment. Valuation allowances are initially recorded and reevaluated each reporting period by assessing the likelihood of the ultimate realization of a deferred tax asset. Management considers several factors in assessing the expected realization of a deferred tax asset, including the reversal of temporary differences, future taxable income and ongoing prudent and feasible tax planning strategies. Any tax planning strategy utilized in this assessment must meet the recognition and measurement criteria utilized to account for an uncertain tax position. When evaluating the need for valuation allowances, the uncertainty posed by political risk on such factors is also considered by management. The amount of deferred tax assets ultimately realized may differ materially from the estimates utilized in the computation of valuation allowances and may materially impact the financial statements in the future.

The TCJA included new provisions requiring that certain income, referred to as global intangible low-taxed income (GILTI), earned by certain foreign subsidiaries be included in the gross income of their U.S. shareholder. The FASB allows an accounting policy election regarding the timing of inclusion of GILTI in an entity's financial statements. The election may be either to record deferred taxes for expected GILTI in future periods or record such taxes as a current-period expense when incurred. PPL has elected to record the tax effect of expected GILTI inclusions and thus, records deferred taxes relating to such inclusions. PPL does not expect to generate GILTI income following the disposition of U.K. utilities business.

See Note 6 to the Financial Statements for income tax disclosures.

Regulatory Assets and Liabilities

(All Registrants)

PPL Electric, LG&E and KU are subject to cost-based rate regulation. As a result, the effects of regulatory actions are required to be reflected in the financial statements. Assets and liabilities are recorded that result from the regulated ratemaking process that may not be recorded under GAAP for non-regulated entities. Regulatory assets generally represent incurred costs that have been deferred because such costs are probable of future recovery in regulated customer rates. 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.

Management continually assesses whether the regulatory assets are probable of future recovery by considering factors such as changes in the applicable regulatory and political environments, the ability to recover costs through regulated rates, recent rate orders to the Registrants and other regulated entities, and the status of any pending or potential deregulation legislation. Based on this continual assessment, management believes the existing regulatory assets are probable of recovery. This assessment reflects the current political and regulatory climate at the state and federal levels and is subject to change in the future. If future recovery of costs ceases to be probable, the regulatory asset would be written-off. Additionally, the regulatory agencies can provide flexibility in the manner and timing of recovery of regulatory assets.

See Note 7 to the Financial Statements for regulatory assets and regulatory liabilities recorded at December 31, 2021 and 2020, as well as additional information on those regulatory assets and liabilities. All regulatory assets are either currently being recovered under specific rate orders, represent amounts that are expected to be recovered in future rates or benefit future periods based upon established regulatory practices.

Goodwill Impairment

(PPL, LG&E and KU)

Goodwill is tested for impairment at the reporting unit level. The reporting units of PPL include the Kentucky Regulated segment reporting unit and the LKE reporting unit. LG&E and KU are individually single operating and reportable segments and each are single reporting units. A goodwill impairment test is performed annually or more frequently if events or changes in circumstances indicate that the carrying amount of the reporting unit may be greater than the reporting unit's fair value. Additionally, goodwill is tested for impairment after a portion of goodwill has been allocated to a business to be disposed of.

The fair value of a reporting unit is compared with the carrying value and an impairment charge is recognized if the carrying amount exceeds the fair value of the reporting unit.

PPL, for its Kentucky Regulated segment and LKE reporting units, and individually 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 quantitative test. See "Long-Lived and Intangible Assets - Asset Impairment (Excluding Investments)" in Note 1 to the Financial Statements for further discussion of goodwill impairment tests. See Note 19 to the Financial Statements for information on goodwill balances at December 31, 2021.

In the fourth quarter of 2021, PPL, for its Kentucky Regulated segment and LKE reporting units, and individually, LG&E and KU, elected to perform qualitative step zero evaluations for their annual goodwill impairment tests, as of October 1, 2021.

Based on these evaluations, management concluded it was not "more likely than not" that the fair value of these reporting units was less than their carrying values. As such, quantitative impairment tests were not performed.

(PPL)

In the fourth quarter of 2021, PPL elected to perform a quantitative goodwill impairment test in conjunction with the annual goodwill impairment assessment for the Distributed Energy Resources reporting unit, which has a goodwill balance of $53 million at December 31, 2021. The test did not indicate impairment of the reporting unit. See Note 1 to the Financial Statements for additional information.

Management used both discounted cash flows and market multiples, which required significant assumptions, to estimate the fair value of the reporting unit. Significant assumptions used in the discounted cash flows include discount and growth rates and projected operating and capital cash flows. Projected operating and capital cash flows are based on internal business plans, which assume the occurrence of certain future events. Significant assumptions used in the market multiples include sector market performance and comparable transactions. A high degree of judgment is required to develop estimates related to fair value conclusions. A decrease in the forecasted cash flows of 10%, an increase in the discount rate of 10%, or a 10% decrease in the market multiples would not have resulted in an impairment of goodwill for the Distributed Energy Resources reporting unit as of October 1, 2021, however, it is possible that an impairment charge could occur in future periods if any of the assumptions used in determining fair value of the reporting unit are negatively impacted.

Asset Retirement Obligations *(LG&E and KU)*

ARO liabilities are required to be recognized for legal obligations associated with the retirement of long-lived assets. Initial obligations are measured at estimated fair value. An ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. An equivalent amount is recorded as an increase in the value of the capitalized asset and amortized to expense over the asset's useful life.

In determining AROs, management must make significant judgments and estimates to calculate fair value. Fair value is developed using an expected present value technique based on assumptions of market participants that consider estimated retirement costs in current period dollars, inflated to the anticipated retirement date and discounted back to the date the ARO was incurred. Changes in assumptions and estimates included within the calculations of the fair value of AROs could result in significantly different results than those identified and recorded in the financial statements. 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 ARO estimate. Any change to the capitalized asset is generally amortized over the remaining life of the associated long-lived asset.

See “Long-Lived and Intangible Assets - Asset Retirement Obligations” in Note 1, Note 7 and Note 20 to the Financial Statements for additional information on AROs.

At December 31, 2021, the total recorded balances and information on the most significant recorded AROs were as follows.

		Most Significant AROs		
	Total ARO Recorded	Amount Recorded	% of Total	Description
LG&E	$ 84	$ 66	79	Ponds, landfills and natural gas mains
KU	105	80	76	Ponds and landfills

The most significant assumptions surrounding AROs are the forecasted retirement costs (including settlement dates and the timing of cash flows), discount and inflation rates. At December 31, 2021, a 10% increase to retirement cost would increase these ARO liabilities by $13 million at LG&E and $23 million at KU. A 0.25% decrease in the discount rate would increase these ARO liabilities by $4 million at LG&E and $1 million at KU and a 0.25% increase in the inflation rate would increase these ARO liabilities by $4 million at LG&E. There would be no significant change to the annual depreciation expense of the ARO asset or the annual accretion expense of the ARO liability as a result of these changes in assumptions.

Revenue Recognition - Unbilled Revenues *(LG&E and KU)*

Revenues related to the sale of energy are recorded when service is rendered or when energy is delivered to customers. Because customers are billed on cycles which vary based on the timing of actual meter reads taken throughout the month, estimates are recorded for unbilled revenues at the end of each reporting period. For LG&E and KU, such unbilled revenue amounts reflect estimates of deliveries to customers since the date of the last reading of their meters. The unbilled revenue estimates reflect consideration of factors including daily load models, estimated usage for each customer class, the effect of current and different rate schedules, the meter read schedule, the billing schedule, actual weather data, and, where applicable, the impact of weather normalization or other regulatory provisions of rate structures. See "Unbilled revenues" on the Registrants' Balance Sheets for balances at December 31, 2021 and 2020.

Other Information *(All Registrants)*

PPL's Audit Committee has approved the independent auditor to provide audit and audit-related services, tax services and other services permitted by Sarbanes-Oxley and SEC rules. The audit and audit-related services include services in connection with statutory and regulatory filings, reviews of offering documents and registration statements, and internal control reviews.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

PPL Corporation, PPL Electric Utilities Corporation, Louisville Gas and Electric Company and Kentucky Utilities Company

Reference is made to "Risk Management" for the Registrants in "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations."

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareowners and the Board of Directors of PPL Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of PPL Corporation and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, equity, and cash flows, for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 18, 2022, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Regulatory Assets and Liabilities – Impact of Rate Regulation on Various Account Balances and Disclosures – Refer to Notes 1 and 7 to the financial statements

Critical Audit Matter Description

As discussed in Note 1 to the financial statements, PPL Corporation owns and operates three cost-based rate-regulated utilities for which rates are set by the Federal Energy Regulatory Commission (FERC), the Kentucky Public Service Commission (KPSC), the Virginia State Corporation Commission (VSCC), and the Pennsylvania Public Utility Commission (PUC) to enable the regulated utilities to recover the costs of providing electric or gas services, 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 generally accepted accounting principles 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. 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, KPSC, VSCC, and PUC. The accounting for the economics of rate-regulation also impacts other financial statement line items, including regulated utility plant, operating revenues, depreciation, and income taxes and impacts multiple note disclosures. As of December 31, 2021, PPL Corporation had a recorded regulatory assets balance of $1,300 million and regulatory liabilities balance of $2,604 million.

PPL Corporation's regulated utilities' rates are subject to cost-based rate-setting processes and annual earnings oversight. Rates are established based on an analysis of the costs incurred and the regulated utility's capital structure and must be approved by one or more federal or state regulatory commissions, including the FERC, KPSC, VSCC, and PUC. Regulatory decisions can have an impact on the recovery of costs, the rate earned on invested capital, and the timing and amount of assets to be recovered by rates. The FERC, KPSC, VSCC, and PUC regulation of rates is premised on the full recovery of prudently incurred costs and an adequate return on capital investments. Decisions to be made by the FERC, KPSC, VSCC, and PUC in the future will impact the accounting for regulated operations, including decisions about the amount of allowable costs and return on invested capital included in rates and any refunds that may be required. While PPL Corporation's utilities have indicated that they expect to recover costs from customers through regulated rates, there is a risk that the FERC, KPSC, VSCC, or PUC will not approve full recovery of such costs or approve recovery on a timely basis in future regulatory decisions.
We identified the impact of rate regulation as a critical audit matter due to the significant judgments made by management in continually assessing whether the regulatory assets are probable of future recovery by considering factors, such as changes in the applicable regulatory and political environments, the ability to recover costs through regulated rates, recent rate orders, and the status of any pending legislation. Auditing these judgments required specialized knowledge of accounting for rate regulation and the rate-setting process due to its inherent complexities.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the uncertainty of future decisions by the FERC, KPSC, VSCC, and PUC included the following, among others:

- We tested the effectiveness of management's internal controls over evaluating the likelihood of recovery in future rates of costs deferred as regulatory assets. We tested the effectiveness of management's controls over the recognition of amounts as regulated utility plant, regulatory assets or liabilities, operating revenues, depreciation, income taxes, and note disclosures. We tested the effectiveness of management's internal controls over the monitoring and evaluation of regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates.

- We obtained and read relevant regulatory orders issued by the FERC, KPSC, VSCC, and PUC for PPL Corporation's regulated utilities and other public utilities, regulatory statutes, interpretations, procedural memorandums, filings made by interveners, and other publicly available information to assess the likelihood of recovery in future rates or of a future reduction in rates based on precedents of the treatment of similar costs under similar circumstances. We evaluated the external information and compared it to management's recorded regulatory asset and liability balances for completeness.

- We inquired of management about regulated utility plant that may be abandoned. We inspected minutes of the Board of Directors, other public information, regulatory orders, and other filings with the commissions to identify any evidence that could indicate utility plant may be abandoned.

- We evaluated PPL Corporation's disclosures related to the impacts of rate-regulation, including the balances recorded and regulatory developments, in the financial statements.

/s/ Deloitte & Touche LLP

Parsippany, New Jersey
February 18, 2022

We have served as the Company's auditor since 2015.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareowners and the Board of Directors of PPL Corporation

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of PPL Corporation and subsidiaries (the "Company") as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021, of the Company and our report dated February 18, 2022, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting at Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Parsippany, New Jersey
February 18, 2022

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareowner and the Board of Directors of PPL Electric Utilities Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of PPL Electric Utilities Corporation and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of income, equity, and cash flows, for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Regulatory Assets and Liabilities – Impact of Rate Regulation on Various Account Balances and Disclosures – Refer to Notes 1 and 7 to the financial statements

Critical Audit Matter Description

As discussed in Note 1 to the financial statements, PPL Electric Utilities Corporation (PPL Electric) is a cost-based rate-regulated utility for which rates are set by the Federal Energy Regulatory Commission (FERC) and the Pennsylvania Public Utility Commission (PUC) to enable the regulated utility to recover the costs of providing electric service 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 generally accepted accounting principles 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. 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 and PUC. The accounting for the economics of rate-regulation also impacts other financial statement line items, including regulated utility plant, operating revenues, depreciation, and income taxes, and impacts multiple note disclosures. As of December 31, 2021, PPL Electric had a recorded regulatory assets balance of $510 million and regulatory liabilities balance of $712 million.

PPL Electric's regulated utility's rates are subject to cost-based rate-setting processes and annual earnings oversight. Rates are established based on an analysis of the costs incurred and the regulated utility's capital structure and must be approved by one or more federal or state regulatory commissions, including the FERC and PUC. Regulatory decisions can have an impact on the recovery of costs, the rate earned on invested capital, and the timing and amount of assets to be recovered by rates. The FERC and PUC regulation of rates is premised on the full recovery of prudently incurred costs and an adequate return on capital investments. Decisions to be made by the FERC and PUC in the future will impact the accounting for regulated operations, including decisions about the amount of allowable costs and return on invested capital included in rates and any refunds that may be required. While PPL Electric has indicated that it expects to recover costs from customers through regulated rates, there is a risk that the FERC or PUC will not approve full recovery of such costs or approve recovery on a timely basis in future regulatory decisions.

We identified the impact of rate regulation as a critical audit matter due to the significant judgments made by management in continually assessing whether the regulatory assets are probable of future recovery by considering factors such as changes in the applicable regulatory and political environments, the ability to recover costs through regulated rates, recent rate orders, and the status of any pending legislation. Auditing these judgments required specialized knowledge of accounting for rate regulation and the rate-setting process due to its inherent complexities.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the uncertainty of future decisions by the FERC and PUC included the following, among others:

- We tested the effectiveness of management's internal controls over evaluating the likelihood of recovery in future rates of costs deferred as regulatory assets. We tested the effectiveness of management's controls over the recognition of amounts as regulated utility plant, regulatory assets or liabilities, operating revenues, depreciation, income taxes, and note disclosures. We tested the effectiveness of management's internal controls over the monitoring and evaluation of regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates.

- We obtained and read relevant regulatory orders issued by the FERC and PUC for PPL Electric and other public utilities in Pennsylvania, regulatory statutes, interpretations, procedural memorandums, filings made by interveners, and other publicly available information to assess the likelihood of recovery in future rates or of a future reduction in rates based on precedents of the treatment of similar costs under similar circumstances. We evaluated the external information and compared it to management's recorded regulatory asset and liability balances for completeness.

- We inquired of management about regulated utility plant that may be abandoned. We inspected minutes of the Board of Directors, other public information, regulatory orders and other filings with the commissions to identify any evidence that may contradict management's assertion regarding probability of an abandonment.

- We evaluated PPL Electric's disclosures related to the impacts of rate-regulation, including the balances recorded and regulatory developments, in the financial statements.

/s/ Deloitte & Touche LLP

Parsippany, New Jersey
February 18, 2022

We have served as the Company's auditor since 2015.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholder and the Board of Directors of Louisville Gas and Electric Company

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Louisville Gas and Electric Company (the "Company") as of December 31, 2021 and 2020, the related statements of income, equity, and cash flows, for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Regulatory Assets and Liabilities– Impact of Rate-Regulation on Various Account Balances and Disclosures – Refer to Notes 1 and 7 to the financial statements

Critical Audit Matter Description

As discussed in Note 1 to the financial statements, Louisville Gas and Electric Company (LG&E) is a cost-based rate-regulated utility for which rates are set by the Kentucky Public Service Commission (KPSC) and the Federal Energy Regulatory Commission (FERC) to enable the regulated utility to recover the costs of providing electric or gas services, 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 generally accepted accounting principles 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. 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 KPSC and FERC. The accounting for the economics of rate-regulation also impacts other financial statement line items, including regulated utility plant, operating revenues, depreciation, and income taxes, and impacts multiple note disclosures. As of December 31, 2021, LG&E had a recorded regulatory assets balance of $370 million and regulatory liabilities balance of $839 million.

LG&E's regulated utility's rates are subject to cost-based rate-setting processes and annual earnings oversight. Rates are established based on an analysis of the costs incurred and the regulated utility's capital structure and must be approved by one or more federal or state regulatory commissions, including the KPSC and FERC. Regulatory decisions can have an impact on the recovery of costs, the rate earned on invested capital and the timing and amount of assets to be recovered by rates. The KPSC and FERC regulation of rates is premised on the full recovery of prudently incurred costs and an adequate return on capital investments. Decisions to be made by the KPSC and FERC in the future will impact the accounting for regulated operations, including decisions about the amount of allowable costs and return on invested capital included in rates and any refunds that may be required. While LG&E has indicated that it expects to recover costs from customers through regulated rates, there is a risk that the KPSC or FERC will not approve full recovery of such costs or approve recovery on a timely basis in future regulatory decisions.

We identified the impact of rate regulation as a critical audit matter due to the significant judgments made by management in continually assessing whether the regulatory assets are probable of future recovery by considering factors such as changes in the applicable regulatory and political environments, the ability to recover costs through regulated rates, recent rate orders, and the status of any pending legislation. Auditing these judgments required specialized knowledge of accounting for rate regulation and the rate-setting process due to its inherent complexities.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the uncertainty of future decisions by the KPSC and FERC included the following, among others:

- We tested the effectiveness of management's internal controls over evaluating the likelihood of recovery in future rates of costs deferred as regulatory assets. We tested the effectiveness of management's controls over the recognition of amounts as regulated utility plant, regulatory assets or liabilities, operating revenues, depreciation, income taxes, and note disclosures. We tested the effectiveness of management's internal controls over the monitoring and evaluation of regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates.

- We obtained and read relevant regulatory orders issued by the KPSC and FERC for LG&E and other public utilities in Kentucky, regulatory statutes, interpretations, procedural memorandums, filings made by interveners, and other publicly available information to assess the likelihood of recovery in future rates or of a future reduction in rates based on precedents of the treatment of similar costs under similar circumstances. We evaluated the external information and compared it to management's recorded regulatory asset and liability balances for completeness.

- We inquired of management about regulated utility plant that may be abandoned. We inspected minutes of the Board of Directors, other public information, regulatory orders and other filings with the commissions to identify any evidence that could indicate utility plant may be abandoned.

- We evaluated LG&E's disclosures related to the impacts of rate-regulation, including the balances recorded and regulatory developments, in the financial statements.

/s/ Deloitte & Touche LLP

Louisville, Kentucky
February 18, 2022

We have served as the Company's auditor since 2015.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholder and the Board of Directors of Kentucky Utilities Company

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Kentucky Utilities Company (the "Company") as of December 31, 2021 and 2020, the related statements of income, equity, and cash flows, for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Regulatory Assets and Liabilities – Impact of Rate-Regulation on Various Account Balances and Disclosures – Refer to Notes 1 and 7 to the financial statements

Critical Audit Matter Description

As discussed in Note 1 to the financial statements, Kentucky Utilities Company (KU) is a cost-based rate-regulated utility for which rates are set by the Kentucky Public Service Commission (KPSC), the Virginia State Corporation Commission (VSCC), and the Federal Energy Regulatory Commission (FERC) to enable the regulated utility to recover the costs of providing electric service 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 generally accepted accounting principles 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. 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 KPSC, VSCC, and FERC. The accounting for the economics of rate-regulation also impacts other financial statement line items, including regulated utility plant, operating revenues, depreciation, and income taxes, and impacts multiple note disclosures. As of December 31, 2021, KU had a recorded regulatory assets balance of $420 million and regulatory liabilities balance of $1,053 million.

KU's regulated utility's rates are subject to cost-based rate-setting processes and annual earnings oversight. Rates are established based on an analysis of the costs incurred and the regulated utility's capital structure and must be approved by one or more federal or state regulatory commissions, including the KPSC, VSCC, and FERC. Regulatory decisions can have an impact on the recovery of costs, the rate earned on invested capital and the timing and amount of assets to be recovered by rates. The KPSC, VSCC, and FERC regulation of rates is premised on the full recovery of prudently incurred costs and an adequate return on capital investments. Decisions to be made by the KPSC, VSCC, and FERC in the future will impact the accounting for regulated operations, including decisions about the amount of allowable costs and return on invested capital included in rates and any refunds that may be required. While KU has indicated that it expects to recover costs from customers through regulated rates, there is a risk that the KPSC, VSCC, or FERC will not approve full recovery of such costs or approve recovery on a timely basis in future regulatory decisions.

We identified the impact of rate regulation as a critical audit matter due to the significant judgments made by management in continually assessing whether the regulatory assets are probable of future recovery by considering factors such as changes in the applicable regulatory and political environments, the ability to recover costs through regulated rates, recent rate orders, and the status of any pending legislation. Auditing these judgments required specialized knowledge of accounting for rate regulation and the rate-setting process due to its inherent complexities.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the uncertainty of future decisions by the KPSC, VSCC, and FERC included the following, among others:

- We tested the effectiveness of management's internal controls over evaluating the likelihood of recovery in future rates of costs deferred as regulatory assets. We tested the effectiveness of management's controls over the recognition of amounts as regulated utility plant, regulatory assets or liabilities, operating revenues, depreciation, income taxes, and note disclosures. We tested the effectiveness of management's internal controls over the monitoring and evaluation of regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates.

- We obtained and read relevant regulatory orders issued by the KPSC, VSCC, and FERC for KU and other public utilities in Kentucky and Virginia, regulatory statutes, interpretations, procedural memorandums, filings made by interveners, and other publicly available information to assess the likelihood of recovery in future rates or of a future reduction in rates based on precedents of the treatment of similar costs under similar circumstances. We evaluated the external information and compared it to management's recorded regulatory asset and liability balances for completeness.

- We inquired of management about regulated utility plant that may be abandoned. We inspected minutes of the Board of Directors, other public information, regulatory orders and other filings with the commissions to identify any evidence that could indicate utility plant may be abandoned.

- We evaluated KU's disclosures related to the impacts of rate-regulation, including the balances recorded and regulatory developments, in the financial statements.

/s/ Deloitte & Touche LLP

Louisville, Kentucky
February 18, 2022

We have served as the Company's auditor since 2015.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED STATEMENTS OF INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31,
PPL Corporation and Subsidiaries

(Millions of Dollars, except share data)

	2021	2020	2019
Operating Revenues	**$ 5,783**	$ 5,474	$ 5,602
Operating Expenses			
Operation			
Fuel	**710**	632	709
Energy purchases	**752**	634	723
Other operation and maintenance	**1,608**	1,420	1,509
Depreciation	**1,082**	1,022	949
Taxes, other than income	**207**	180	186
Total Operating Expenses	**4,359**	3,888	4,076
Operating Income	**1,424**	1,586	1,526
Other Income (Expense) - net	**15**	2	14
Interest Expense	**918**	634	621
Income (Loss) from Continuing Operations Before Income Taxes	**521**	954	919
Income Taxes	**503**	314	183
Income (Loss) from Continuing Operations After Income Taxes	**18**	640	736
Income (Loss) from Discontinued Operations (net of income taxes) (Note 9)	**(1,498)**	829	1,010
Net Income (Loss)	**$ (1,480)**	$ 1,469	$ 1,746
Earnings Per Share of Common Stock:			
Basic			
Income (Loss) from Continuing Operations After Income Taxes	**$ 0.03**	$ 0.83	$ 1.01
Income (Loss) from Discontinued Operations (net of income taxes)	**(1.96)**	1.08	1.38
Net Income (Loss) Available to PPL Common Shareowners	**$ (1.93)**	$ 1.91	$ 2.39
Diluted			
Income (Loss) from Continuing Operations After Income Taxes	**$ 0.03**	$ 0.83	$ 1.00
Income (Loss) from Discontinued Operations (net of income taxes)	**(1.96)**	1.08	1.37
Net Income (Loss) Available to PPL Common Shareowners	**$ (1.93)**	$ 1.91	$ 2.37
Weighted-Average Shares of Common Stock Outstanding (in thousands)			
Basic	**762,902**	768,590	728,512
Diluted	**764,819**	769,384	736,754

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31,
PPL Corporation and Subsidiaries

(Millions of Dollars)

	2021	2020	2019
Net income (loss)	**$ (1,480)**	$ 1,469	$ 1,746
Other comprehensive income (loss):			
Amounts arising during the period - gains (losses), net of tax (expense) benefit:			
Foreign currency translation adjustments, net of tax of ($123), $0, $0	**372**	267	108
Qualifying derivatives, net of tax of $11, $5, $2	**(39)**	(19)	(11)
Defined benefit plans:			
Prior service costs, net of tax of $0, $0, $0	**—**	(1)	(1)
Net actuarial gain (loss), net of tax of $1, $74, $119	**(1)**	(341)	(592)
Reclassifications from AOCI - (gains) losses, net of tax expense (benefit):			
Qualifying derivatives, net of tax of ($5), ($8), ($5)	**25**	24	13
Defined benefit plans:			
Prior service costs, net of tax of ($1), ($1), ($1)	**2**	3	2
Net actuarial (gain) loss, net of tax of ($33), ($51), ($22)	**126**	205	87
Reclassifications from AOCI due to sale of the U.K. utility business - (gains) losses, net of tax expense (benefit):			
Foreign currency translation adjustments, net of tax of $140, $0, $0	**786**	—	—
Qualifying derivatives, net of tax of $0, $0, $0	**15**	—	—
Defined benefit plans:			
Prior service costs, net of tax of ($2), $0, $0	**8**	—	—
Net actuarial (gain) loss, net of tax of ($798), $0, $0	**2,769**	—	—
Total other comprehensive income (loss)	**4,063**	138	(394)
Comprehensive income	**$ 2,583**	$ 1,607	$ 1,352

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,
PPL Corporation and Subsidiaries
(Millions of Dollars)

	2021	2020	2019
Cash Flows from Operating Activities			
Net income (loss)	**$ (1,480)**	$ 1,469	$ 1,746
Loss (income) from discontinued operations (net of income taxes)	**1,498**	(829)	(1,010)
Income from continuing operations (net of income taxes)	**18**	640	736
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	**1,082**	1,022	949
Amortization	**39**	58	58
Deferred income taxes and investment tax credits	**87**	169	169
Impairment of solar panels	**37**	—	—
Loss on extinguishment of debt	**395**	—	—
Other	**20**	67	69
Change in current assets and current liabilities			
Accounts receivable	**(14)**	(70)	(3)
Accounts payable	**24**	(1)	(66)
Taxes payable	**27**	131	9
Regulatory assets and liabilities, net	**52**	(63)	(88)
Other	**(67)**	118	(29)
Other operating activities			
Defined benefit plans - funding	**(53)**	(119)	(73)
Other assets	**(111)**	(59)	(100)
Other liabilities	**8**	(21)	(24)
Net cash provided by operating activities - continuing operations	**1,544**	1,872	1,607
Net cash provided by operating activities - discontinued operations	**726**	874	820
Net cash provided by operating activities	**2,270**	2,746	2,427
Cash Flows from Investing Activities			
Expenditures for property, plant and equipment	**(1,973)**	(2,270)	(2,243)
Proceeds from sale of discontinued operations, net of cash divested	**10,560**	—	—
Other investing activities	**(23)**	4	10
Net cash provided by (used in) investing activities - continuing operations	**8,564**	(2,266)	(2,233)
Net cash provided by (used in) investing activities - discontinued operations	**(607)**	(992)	(847)
Net cash provided by (used in) investing activities	**7,957**	(3,258)	(3,080)
Cash Flows from Financing Activities			
Issuance of long-term debt	**650**	1,848	1,099
Retirement of long-term debt	**(4,606)**	(975)	(300)
Issuance of common stock	**9**	34	1,167
Proceeds from project financing	**19**	173	—
Payment of common stock dividends	**(1,279)**	(1,275)	(1,192)
Purchase of treasury stock	**(1,003)**	—	—
Issuance of term loan	**—**	300	—
Issuance of commercial paper	**—**	73	—
Retirement of term loan	**(300)**	—	—
Retirement of commercial paper	**(73)**	—	—
Net increase (decrease) in short-term debt	**(726)**	(43)	(341)
Other financing activities	**(35)**	(36)	(25)
Net cash provided by (used in) financing activities - continuing operations	**(7,344)**	99	408
Net cash provided by (used in) financing activities - discontinued operations	**(411)**	209	171
Contributions from discontinued operations	**365**	78	257
Net cash provided by (used in) financing activities	**(7,390)**	386	836
Effect of Exchange Rates on Cash, Cash Equivalents and Restricted Cash included in Discontinued Operations	**8**	17	10
Net (Increase) Decrease in Cash, Cash Equivalents and Restricted Cash included in Discontinued Operations	**284**	(108)	(154)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	**3,129**	(217)	39
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	**443**	660	621
Cash, Cash Equivalents and Restricted Cash at End of Period	**$ 3,572**	$ 443	$ 660
Supplemental Disclosures of Cash Flow Information			
Cash paid (received) during the period for:			
Interest - net of amount capitalized	**$ 191**	$ 586	$ 552
Income taxes - net	**$ 284**	$ 4	$ (12)
Significant non-cash transactions:			
Accrued expenditures for property, plant and equipment at December 31,	**$ 245**	$ 257	$ 292

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

CONSOLIDATED BALANCE SHEETS AT DECEMBER 31,
PPL Corporation and Subsidiaries
(Millions of Dollars, shares in thousands)

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 3,571**	$ 442
Accounts receivable (less reserve: 2021, $65; 2020, $71)		
Customer	**583**	603
Other	**58**	86
Unbilled revenues (less reserve: 2021, $2; 2020, $4)	**307**	301
Fuel, materials and supplies	**322**	302
Prepayments	**60**	53
Other current assets	**106**	130
Current assets held for sale (Note 9)	**—**	18,983
Total Current Assets	**5,007**	20,900
Property, Plant and Equipment		
Regulated utility plant	**30,477**	29,040
Less: accumulated depreciation - regulated utility plant	**6,488**	6,008
Regulated utility plant, net	**23,989**	23,032
Non-regulated property, plant and equipment	**266**	237
Less: accumulated depreciation - non-regulated property, plant and equipment	**41**	37
Non-regulated property, plant and equipment, net	**225**	200
Construction work in progress	**1,256**	1,268
Property, Plant and Equipment, net	**25,470**	24,500
Other Noncurrent Assets		
Regulatory assets	**1,236**	1,262
Goodwill	**716**	716
Other intangibles	**343**	351
Other noncurrent assets (less reserve for accounts receivable: 2021, $2; 2020, $0)	**451**	387
Total Other Noncurrent Assets	**2,746**	2,716
Total Assets	**$ 33,223**	$ 48,116

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

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CONSOLIDATED BALANCE SHEETS AT DECEMBER 31,
PPL Corporation and Subsidiaries
(Millions of Dollars, shares in thousands)

	2021	2020
Liabilities and Equity		
Current Liabilities		
Short-term debt	**$ 69**	$ 1,168
Long-term debt due within one year	**474**	1,074
Accounts payable	**679**	745
Taxes	**96**	69
Interest	**81**	113
Dividends	**305**	319
Regulatory liabilities	**182**	79
Other current liabilities	**437**	465
Current liabilities held for sale (Note 9)	**—**	11,023
Total Current Liabilities	**2,323**	15,055
Long-term Debt	**10,666**	13,615
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	**3,151**	2,536
Investment tax credits	**119**	122
Accrued pension obligations	**183**	189
Asset retirement obligations	**157**	132
Regulatory liabilities	**2,422**	2,530
Other deferred credits and noncurrent liabilities	**479**	564
Total Deferred Credits and Other Noncurrent Liabilities	**6,511**	6,073
Commitments and Contingent Liabilities (Notes 7 and 14)		
Equity		
Common stock - $0.01 par value (a)	**8**	8
Additional paid-in capital	**12,303**	12,270
Treasury stock	**(1,003)**	—
Earnings reinvested	**2,572**	5,315
Accumulated other comprehensive loss	**(157)**	(4,220)
Total Equity	**13,723**	13,373
Total Liabilities and Equity	**$ 33,223**	$ 48,116

(a) 1,560,000 shares authorized; 769,890 shares issued and 735,112 shares outstanding at December 31, 2021. 1,560,000 shares authorized; 768,907 shares issued and outstanding at December 31, 2020.

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

CONSOLIDATED STATEMENTS OF EQUITY
PPL Corporation and Subsidiaries
(Millions of Dollars)

	PPL Shareowners						
	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Treasury Stock	Earnings reinvested	Accumulated other comprehensive loss	Total
December 31, 2018	720,323	$ 7	$ 11,021	$ —	$ 4,593	$ (3,964)	$ 11,657
Common stock issued	46,910	1	1,184				1,185
Stock-based compensation			9				9
Net income (loss)					1,746		1,746
Dividends and dividend equivalents (b)					(1,212)		(1,212)
Other comprehensive income (loss)						(394)	(394)
December 31, 2019	767,233	$ 8	$ 12,214	$ —	$ 5,127	$ (4,358)	$ 12,991
Common stock issued	1,674		51				51
Stock-based compensation			5				5
Net income (loss)					1,469		1,469
Dividends and dividend equivalents (b)					(1,279)		(1,279)
Other comprehensive income (loss)						138	138
Adoption of financial instrument credit losses guidance cumulative effect adjustment (Note 1)					(2)		(2)
December 31, 2020	768,907	$ 8	$ 12,270	$ —	$ 5,315	$ (4,220)	$ 13,373
Common stock issued	983		29				29
Treasury stock	(34,778)			(1,003)			(1,003)
Stock-based compensation			4				4
Net income (loss)					(1,480)		(1,480)
Dividends and dividend equivalents (b)					(1,263)		(1,263)
Other comprehensive income (loss)						4,063	4,063
December 31, 2021	735,112	$ 8	$ 12,303	$ (1,003)	$ 2,572	$ (157)	$ 13,723

(a) Shares in thousands. Each share entitles the holder to one vote on any question presented at any shareowners' meeting.
(b) Dividends declared per share of common stock at December 31, 2021, 2020 and 2019 were: $1.66, $1.66 and $1.65.

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

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CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31,
PPL Electric Utilities Corporation and Subsidiaries
(Millions of Dollars)

	2021	2020	2019
Operating Revenues	**$ 2,402**	$ 2,331	$ 2,358
Operating Expenses			
Operation			
Energy purchases	**566**	491	549
Other operation and maintenance	**557**	513	566
Depreciation	**424**	403	386
Taxes, other than income	**120**	107	112
Total Operating Expenses	**1,667**	1,514	1,613
Operating Income	**735**	817	745
Other Income (Expense) - net	**21**	18	25
Interest Income from Affiliate	**5**	2	6
Interest Expense	**162**	173	170
Income Before Income Taxes	**599**	664	606
Income Taxes	**154**	167	149
Net Income (a)	**$ 445**	$ 497	$ 457

(a) Net income equals comprehensive income.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,
PPL Electric Utilities Corporation and Subsidiaries
(Millions of Dollars)

	2021	2020	2019
Cash Flows from Operating Activities			
Net income	**$ 445**	$ 497	$ 457
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Depreciation	**424**	403	386
Amortization	**19**	26	24
Defined benefit plans expense (income)	**(10)**	(1)	—
Deferred income taxes and investment tax credits	**79**	83	90
Other	**(19)**	(5)	(19)
Change in current assets and current liabilities			
Accounts receivable	**(9)**	(47)	33
Accounts payable	**(3)**	21	5
Unbilled revenues	**(8)**	13	(14)
Materials and supplies	**(5)**	(18)	(8)
Prepayments	**(4)**	(3)	(1)
Regulatory assets and liabilities, net	**96**	(40)	(43)
Taxes payable	**14**	4	1
Other	**(1)**	(10)	(3)
Other operating activities			
Defined benefit plans - funding	**(21)**	(21)	(21)
Other assets	**(12)**	(28)	15
Other liabilities	**(16)**	10	11
Net cash provided by operating activities	**969**	884	913
Cash Flows from Investing Activities			
Expenditures for property, plant and equipment	**(898)**	(1,145)	(1,114)
Expenditures for intangible assets	**(6)**	(9)	(7)
Increase in notes receivable from affiliate	**(499)**	—	—
Other investing activities	**3**	3	4
Net cash used in investing activities	**(1,400)**	(1,151)	(1,117)
Cash Flows from Financing Activities			
Issuance of long-term debt	**650**	250	393
Retirement of long-term debt	**(400)**	—	(100)
Contributions from parent	**1,075**	940	400
Payment of common stock dividends to parent	**(334)**	(400)	(486)
Return of capital to parent	**(574)**	(745)	—
Other financing activities	**(5)**	(2)	(8)
Net cash provided by financing activities	**412**	43	199
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	**(19)**	(224)	(5)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	**40**	264	269
Cash, Cash Equivalents and Restricted Cash at End of Period	**$ 21**	$ 40	$ 264
Supplemental Disclosures of Cash Flow Information			
Cash paid during the period for:			
Interest - net of amount capitalized	**$ 156**	$ 158	$ 154
Income taxes - net	**$ 64**	$ 67	$ 32
Significant non-cash transactions:			
Accrued expenditures for property, plant and equipment at December 31,	**$ 118**	$ 156	$ 180

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

CONSOLIDATED BALANCE SHEETS AT DECEMBER 31,
PPL Electric Utilities Corporation and Subsidiaries

(Millions of Dollars, shares in thousands)

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 21**	$ 40
Accounts receivable (less reserve: 2021, $31; 2020, $41)		
Customer	**305**	311
Other	**22**	17
Accounts receivable from affiliates	**11**	10
Notes receivable from affiliate	**499**	—
Unbilled revenues (less reserve: 2021, $2; 2020, $2)	**129**	121
Materials and supplies	**61**	59
Prepayments	**13**	9
Regulatory assets	**22**	40
Other current assets	**21**	13
Total Current Assets	**1,104**	620
Property, Plant and Equipment		
Regulated utility plant	**14,082**	13,514
Less: accumulated depreciation - regulated utility plant	**3,386**	3,297
Regulated utility plant, net	**10,696**	10,217
Construction work in progress	**581**	592
Property, Plant and Equipment, net	**11,277**	10,809
Other Noncurrent Assets		
Regulatory assets	**488**	541
Intangibles	**270**	268
Pension benefit asset	**50**	12
Other noncurrent assets (less reserve for accounts receivable: 2021, $2; 2020, $0)	**113**	74
Total Other Noncurrent Assets	**921**	895
Total Assets	**$ 13,302**	$ 12,324

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

CONSOLIDATED BALANCE SHEETS AT DECEMBER 31,
PPL Electric Utilities Corporation and Subsidiaries
(Millions of Dollars, shares in thousands)

	2021	2020
Liabilities and Equity		
Current Liabilities		
Long-term debt due within one year	**$ 474**	$ 400
Accounts payable	**367**	428
Accounts payable to affiliates	**56**	39
Taxes	**31**	17
Interest	**35**	39
Regulatory liabilities	**153**	68
Other current liabilities	**108**	105
Total Current Liabilities	**1,224**	1,096
Long-term Debt	**4,010**	3,836
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	**1,668**	1,559
Accrued pension obligations	**8**	8
Regulatory liabilities	**559**	578
Other deferred credits and noncurrent liabilities	**97**	123
Total Deferred Credits and Other Noncurrent Liabilities	**2,332**	2,268
Commitments and Contingent Liabilities (Notes 7 and 14)		
Equity		
Common stock - no par value (a)	**364**	364
Additional paid-in capital	**4,254**	3,753
Earnings reinvested	**1,118**	1,007
Total Equity	**5,736**	5,124
Total Liabilities and Equity	**$ 13,302**	$ 12,324

(a) 170,000 shares authorized; 66,368 shares issued and outstanding at December 31, 2021 and December 31, 2020.

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

CONSOLIDATED STATEMENTS OF EQUITY
PPL Electric Utilities Corporation and Subsidiaries
(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Total
December 31, 2018	66,368	$ 364	$ 3,158	$ 939	$ 4,461
Net income				457	457
Capital contributions from parent			400		400
Dividends declared on common stock				(486)	(486)
December 31, 2019	66,368	$ 364	$ 3,558	$ 910	$ 4,832
Net income				497	497
Capital contributions from parent			940		940
Return of capital to parent			(745)		(745)
Dividends declared on common stock				(400)	(400)
December 31, 2020	66,368	$ 364	$ 3,753	$ 1,007	$ 5,124
Net income				445	445
Capital contributions from parent			1,075		1,075
Return of capital to parent			(574)		(574)
Dividends declared on common stock				(334)	(334)
December 31, 2021	66,368	$ 364	$ 4,254	$ 1,118	$ 5,736

(a) Shares in thousands. All common shares of PPL Electric stock are owned by PPL.

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

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STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31,
Louisville Gas and Electric Company

(Millions of Dollars)

	2021	2020	2019
Operating Revenues			
Retail and wholesale	**$ 1,545**	$ 1,435	$ 1,473
Electric revenue from affiliate	**24**	21	27
Total Operating Revenues	**1,569**	1,456	1,500
Operating Expenses			
Operation			
Fuel	**265**	246	289
Energy purchases	**167**	125	154
Energy purchases from affiliate	**23**	19	7
Other operation and maintenance	**400**	373	387
Depreciation	**279**	259	231
Taxes, other than income	**46**	40	39
Total Operating Expenses	**1,180**	1,062	1,107
Operating Income	**389**	394	393
Other Income (Expense) – net	**(5)**	(1)	(11)
Interest Expense	**81**	87	87
Income Before Income Taxes	**303**	306	295
Income Taxes	**54**	62	63
Net Income (a)	**$ 249**	$ 244	$ 232

(a) Net income equals 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,
Louisville Gas and Electric Company
(Millions of Dollars)

	2021	2020	2019
Cash Flows from Operating Activities			
Net income	**$ 249**	$ 244	$ 232
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Depreciation	**279**	259	231
Amortization	**2**	9	15
Defined benefit plans - expense	**1**	3	3
Deferred income taxes and investment tax credits	**8**	3	56
Change in current assets and current liabilities			
Accounts receivable	**(11)**	(3)	(9)
Accounts receivable from affiliates	**(13)**	4	6
Accounts payable	**32**	(18)	(10)
Accounts payable to affiliates	**(4)**	(5)	5
Unbilled revenues	**(1)**	(3)	1
Fuel, materials and supplies	**(17)**	4	5
Regulatory assets and liabilities, net	**(23)**	—	(19)
Taxes payable	**2**	(1)	7
Other	**(18)**	(3)	(5)
Other operating activities			
Defined benefit plans - funding	**(3)**	(11)	(6)
Expenditures for asset retirement obligations	**(27)**	(20)	(30)
Other assets	**2**	(2)	(1)
Other liabilities	**—**	23	11
Net cash provided by operating activities	**458**	483	492
Cash Flows from Investing Activities			
Expenditures for property, plant and equipment	**(466)**	(456)	(482)
Net cash used in investing activities	**(466)**	(456)	(482)
Cash Flows from Financing Activities			
Net increase in notes payable with affiliates	**324**	—	—
Issuance of long-term debt	**—**	—	399
Retirement of long-term debt	**—**	—	(200)
Acquisition of outstanding bonds	**—**	—	(40)
Remarketing of reacquired bonds	**—**	—	40
Payment of common stock dividends to parent	**(192)**	(161)	(182)
Contributions from parent	**74**	103	25
Issuance of commercial paper	**—**	41	—
Retirement of commercial paper	**(41)**	—	—
Net decrease in short-term debt	**(152)**	(17)	(41)
Other financing activities	**(3)**	(1)	(6)
Net cash provided by (used in) financing activities	**10**	(35)	(5)
Net Increase (Decrease) in Cash and Cash Equivalents	**2**	(8)	5
Cash and Cash Equivalents at Beginning of Period	**7**	15	10
Cash and Cash Equivalents at End of Period	**$ 9**	$ 7	$ 15
Supplemental Disclosures of Cash Flow Information			
Cash paid during the period for:			
Interest - net of amount capitalized	**$ 77**	$ 82	$ 77
Income taxes - net	**$ 52**	$ 63	$ 2
Significant non-cash transactions:			
Accrued expenditures for property, plant and equipment at December 31,	**$ 60**	$ 60	$ 59

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

BALANCE SHEETS AT DECEMBER 31,
Louisville Gas and Electric Company
(Millions of Dollars, shares in thousands)

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 9**	$ 7
Accounts receivable (less reserve: 2021, $3; 2020, $2)		
Customer	**130**	127
Other	**25**	35
Unbilled revenues (less reserve: 2021, $0; 2020, $1)	**80**	79
Accounts receivable from affiliates	**31**	16
Fuel, materials and supplies	**137**	119
Prepayments	**14**	14
Regulatory assets	**33**	23
Other current assets	**2**	1
Total Current Assets	**461**	421
Property, Plant and Equipment		
Regulated utility plant	**7,192**	6,735
Less: accumulated depreciation - regulated utility plant	**1,172**	1,020
Regulated utility plant, net	**6,020**	5,715
Construction work in progress	**242**	320
Property, Plant and Equipment, net	**6,262**	6,035
Other Noncurrent Assets		
Regulatory assets	**337**	351
Goodwill	**389**	389
Other intangibles	**30**	35
Other noncurrent assets	**113**	114
Total Other Noncurrent Assets	**869**	889
Total Assets	**$ 7,592**	$ 7,345

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

BALANCE SHEETS AT DECEMBER 31,
Louisville Gas and Electric Company
(Millions of Dollars, shares in thousands)

	2021	2020
Liabilities and Equity		
Current Liabilities		
Short-term debt	**$ 69**	$ 262
Notes payable with affiliates	**324**	—
Long-term debt due within one year	**—**	292
Accounts payable	**163**	153
Accounts payable to affiliates	**31**	31
Customer deposits	**32**	32
Taxes	**34**	32
Price risk management liabilities	**1**	2
Regulatory liabilities	**21**	—
Interest	**15**	15
Asset retirement obligations	**10**	10
Other current liabilities	**37**	50
Total Current Liabilities	**737**	879
Long-term Debt	**2,006**	1,715
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	**751**	716
Investment tax credits	**32**	33
Price risk management liabilities	**17**	21
Asset retirement obligations	**74**	57
Regulatory liabilities	**818**	882
Other deferred credits and noncurrent liabilities	**78**	94
Total Deferred Credits and Other Noncurrent Liabilities	**1,770**	1,803
Commitments and Contingent Liabilities (Notes 7 and 14)		
Equity		
Common stock - no par value (a)	**424**	424
Additional paid-in capital	**1,997**	1,923
Earnings reinvested	**658**	601
Total Equity	**3,079**	2,948
Total Liabilities and Equity	**$ 7,592**	$ 7,345

(a) 75,000 shares authorized; 21,294 shares issued and outstanding at December 31, 2021 and December 31, 2020.

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

STATEMENTS OF EQUITY
Louisville Gas and Electric Company
(Millions of Dollars)

	Common stock shares outstanding (a)		Common stock		Additional paid-in capital		Earnings reinvested		Total
December 31, 2018	21,294	$	424	$	1,795	$	468	$	2,687
Net income							232		232
Capital contributions from LKE					25				25
Cash dividends declared on common stock							(182)		(182)
December 31, 2019	21,294	$	424	$	1,820	$	518	$	2,762
Net income							244		244
Capital contributions from LKE					103				103
Cash dividends declared on common stock							(161)		(161)
December 31, 2020	21,294	$	424	$	1,923	$	601	$	2,948
Net income							249		249
Capital contributions from LKE					74				74
Cash dividends declared on common stock							(192)		(192)
December 31, 2021	21,294	$	424	$	1,997	$	658	$	3,079

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

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

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

	2021	2020	2019
Operating Revenues			
Retail and wholesale	**$ 1,803**	$ 1,671	$ 1,733
Electric revenue from affiliate	**23**	19	7
Total Operating Revenues	**1,826**	1,690	1,740
Operating Expenses			
Operation			
Fuel	**445**	386	420
Energy purchases	**19**	18	20
Energy purchases from affiliate	**24**	21	27
Other operation and maintenance	**463**	429	438
Depreciation	**366**	346	315
Taxes, other than income	**41**	37	35
Total Operating Expenses	**1,358**	1,237	1,255
Operating Income	**468**	453	485
Other Income (Expense) – net	**4**	3	(4)
Interest Expense	**109**	113	109
Income Before Income Taxes	**363**	343	372
Income Taxes	**67**	63	79
Net Income (a)	**$ 296**	$ 280	$ 293

(a) Net income equals 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)

	2021	2020	2019
Cash Flows from Operating Activities			
Net income	**$ 296**	$ 280	$ 293
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Depreciation	**366**	346	315
Amortization	**12**	8	10
Defined benefit plans - expense (credit)	**(3)**	—	(1)
Deferred income taxes and investment tax credits	**1**	20	39
Other	**(3)**	(1)	(3)
Change in current assets and current liabilities			
Accounts receivable	**6**	(13)	(3)
Accounts receivable from affiliates	**1**	(1)	—
Accounts payable	**(12)**	9	(15)
Accounts payable to affiliates	**15**	(16)	(2)
Unbilled revenues	**6**	(9)	4
Fuel, materials and supplies	**1**	6	(6)
Regulatory assets and liabilities, net	**(22)**	(26)	(26)
Taxes payable	**(10)**	2	2
Other	**(18)**	(5)	(6)
Other operating activities			
Defined benefit plans - funding	**(1)**	(3)	(3)
Expenditures for asset retirement obligations	**(36)**	(64)	(59)
Other assets	**9**	(2)	(2)
Other liabilities	**—**	12	16
Net cash provided by operating activities	**608**	543	553
Cash Flows from Investing Activities			
Expenditures for property, plant and equipment	**(560)**	(510)	(610)
Other investing activities	**4**	3	—
Net cash used in investing activities	**(556)**	(507)	(610)
Cash Flows from Financing Activities			
Net increase in notes payable with affiliates	**294**	—	—
Issuance of long-term debt	**—**	498	306
Retirement of long-term debt	**—**	(500)	—
Payment of common stock dividends to parent	**(250)**	(200)	(229)
Contributions from parent	**100**	128	68
Issuance of commercial paper	**—**	32	—
Retirement of commercial paper	**(32)**	—	—
Net increase (decrease) in short-term debt	**(171)**	21	(85)
Other financing activities	**(2)**	(5)	(5)
Net cash provided by (used in) financing activities	**(61)**	(26)	55
Net Increase (Decrease) in Cash and Cash Equivalents	**(9)**	10	(2)
Cash and Cash Equivalents at Beginning of Period	**22**	12	14
Cash and Cash Equivalents at End of Period	**$ 13**	$ 22	$ 12
Supplemental Disclosures of Cash Flow Information			
Cash paid during the period for:			
Interest - net of amount capitalized	**$ 105**	$ 109	$ 101
Income taxes - net	**$ 72**	$ 44	$ 39
Significant non-cash transactions:			
Accrued expenditures for property, plant and equipment at December 31,	**$ 67**	$ 40	$ 54

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)

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 13**	$ 22
Accounts receivable (less reserve: 2021, $3; 2020, $1)		
Customer	**144**	156
Other	**12**	30
Unbilled revenues (less reserve: 2021, $0; 2020, $1)	**91**	97
Accounts receivable from affiliates	**—**	1
Fuel, materials and supplies	**124**	123
Prepayments	**15**	15
Regulatory assets	**9**	36
Other current assets	**2**	1
Total Current Assets	**410**	481
Property, Plant and Equipment		
Regulated utility plant	**9,219**	8,808
Less: accumulated depreciation - regulated utility plant	**1,929**	1,690
Regulated utility plant, net	**7,290**	7,118
Construction work in progress	**378**	321
Property, Plant and Equipment, net	**7,668**	7,439
Other Noncurrent Assets		
Regulatory assets	**411**	370
Goodwill	**607**	607
Other intangibles	**23**	26
Other noncurrent assets	**153**	149
Total Other Noncurrent Assets	**1,194**	1,152
Total Assets	**$ 9,272**	$ 9,072

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)

	2021	2020
Liabilities and Equity		
Current Liabilities		
Short-term debt	**$ —**	$ 203
Notes payable with affiliates	**294**	—
Long-term debt due within one year	**—**	132
Accounts payable	**108**	121
Accounts payable to affiliates	**64**	43
Customer deposits	**32**	32
Taxes	**19**	29
Regulatory liabilities	**8**	11
Interest	**18**	19
Asset retirement obligations	**22**	40
Other current liabilities	**47**	59
Total Current Liabilities	**612**	689
Long-term Debt	**2,618**	2,486
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	**865**	835
Investment tax credits	**87**	88
Asset retirement obligations	**83**	75
Regulatory liabilities	**1,045**	1,070
Other deferred credits and noncurrent liabilities	**34**	47
Total Deferred Credits and Other Noncurrent Liabilities	**2,114**	2,115
Commitments and Contingent Liabilities (Notes 7 and 14)		
Equity		
Common stock - no par value (a)	**308**	308
Additional paid-in capital	**2,957**	2,857
Earnings reinvested	**663**	617
Total Equity	**3,928**	3,782
Total Liabilities and Equity	**$ 9,272**	$ 9,072

(a) 80,000 shares authorized; 37,818 shares issued and outstanding at December 31, 2021 and December 31, 2020.

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, 2018	37,818	$ 308	$ 2,661	$ 473	$ —	$ 3,442
Net income				293		293
Capital contributions from LKE			68			68
Cash dividends declared on common stock				(229)		(229)
December 31, 2019	37,818	$ 308	$ 2,729	$ 537	$ —	$ 3,574
Net income				280		280
Capital contributions from LKE			128			128
Cash dividends declared on common stock				(200)		(200)
December 31, 2020	37,818	$ 308	$ 2,857	$ 617	$ —	$ 3,782
Net income				296		296
Capital contributions from LKE			100			100
Cash dividends declared on common stock				(250)		(250)
December 31, 2021	37,818	$ 308	$ 2,957	$ 663	$ —	$ 3,928

(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

Index to Combined Notes to Consolidated Financial Statements

The notes to the consolidated financial statements that follow are a combined presentation. The following list indicates the Registrants to which the footnotes apply:

	Registrant			
	PPL	PPL Electric	LG&E	KU
1. Summary of Significant Accounting Policies	x	x	x	x
2. Segment and Related Information	x	x	x	x
3. Revenue from Contracts with Customers	x	x	x	x
4. Preferred Securities	x	x	x	x
5. Earnings Per Share	x			
6. Income and Other Taxes	x	x	x	x
7. Utility Rate Regulation	x	x	x	x
8. Financing Activities	x	x	x	x
9. Acquisitions, Development and Divestitures	x			
10. Leases	x	x	x	x
11. Stock-Based Compensation	x	x		
12. Retirement and Postemployment Benefits	x	x	x	x
13. Jointly Owned Facilities	x		x	x
14. Commitments and Contingencies	x	x	x	x
15. Related Party Transactions		x	x	x
16. Other Income (Expense) - net	x	x		
17. Fair Value Measurements	x	x	x	x
18. Derivative Instruments and Hedging Activities	x	x	x	x
19. Goodwill and Other Intangible Assets	x	x	x	x
20. Asset Retirement Obligations	x	x	x	x
21. Accumulated Other Comprehensive Income (Loss)	x			

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 the applicable disclosure or within the applicable disclosure for each Registrants' related activities and disclosures. 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 generation, transmission, distribution and sale of electricity and the distribution and sale of natural gas, primarily in Kentucky; and 2) the transmission, distribution and sale of electricity in Pennsylvania. Headquartered in Allentown, PA, PPL's principal subsidiaries are LKE (including its principal subsidiaries, LG&E and KU) and PPL Electric. PPL's corporate level financing subsidiary is PPL Capital Funding.

On March 17, 2021, PPL WPD Limited entered into a share purchase agreement to sell PPL's U.K. utility business, which substantially represented PPL's U.K. Regulated segment, to a subsidiary of National Grid plc. The sale was completed on June 14, 2021. The results of operations of the U.K. utility business are classified as Discontinued Operations on PPL's Statements of Income. The assets and liabilities of the U.K. utility business as of December 31, 2020 are classified as assets and liabilities held for sale on PPL's Balance Sheets. PPL has elected to separately report the cash flows of continuing and discontinued operations on the Statements of Cash Flows. Unless otherwise noted, the notes to these financial statements exclude amounts related to discontinued operations and assets and liabilities held for sale for all periods presented. See Note 9 for additional information.

On July 1, 2021, LKE redeemed, at par, its $250 million 4.375% Senior Notes due 2021 and on July 9, 2021, LKE filed a Form 15 with the SEC to suspend its duty to file reports under sections 13 and 15(d) of the Securities Exchange Act of 1934. As a result, beginning with the June 30, 2021 Form 10-Q, LKE was no longer reported as a Registrant.

(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, 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.

(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, as a result, are the primary beneficiary of the entity. Amounts consolidated under the VIE guidance are not material to the Registrants.

All significant intercompany transactions have been eliminated.

The financial statements of PPL, 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 13 for additional information.

Regulation

(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 expected future costs, 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 7 for additional details regarding regulatory matters.

Accounting Records

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.

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 uncertain future events and (2) the amount of 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.

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 changes in the fair value of debt instruments and to hedge exposure 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. 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 to facilitate net settlement. Certain derivative contracts may be excluded from the requirements of derivative accounting treatment because the 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."

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)

Processes exist that allow for subsequent review and validation of contract information as it relates to interest rate derivatives and foreign currency derivatives. 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 to hedge fluctuations in the fair value of existing debt can be designated as fair value hedges.
- Transactions 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. As such, these transactions reduce earnings volatility due solely to changes in foreign currency exchange rates. PPL also hedges anticipated transactions, including the previously completed sale of its U.K utility business and net investments.

(All Registrants)

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.

(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 17 and 18 for additional information on derivatives.

Revenue *(All Registrants)*

Operating revenues are primarily recorded based on energy deliveries through the end of each calendar month. Unbilled retail revenues result because customers' bills are rendered throughout the month, rather than bills being rendered at the end of the month. For LG&E and KU, unbilled revenues for a month are calculated by multiplying an estimate of unbilled kWh or Mcf by the estimated average cents per kWh or Mcf. Any difference between estimated and actual revenues is adjusted the following month when the previous unbilled estimate is reversed and actual billings occur. For PPL Electric, unbilled revenues for a month are calculated by multiplying the actual unbilled volumes by the price per tariff.

PPL Electric's, LG&E's and KU's base rates are determined based on cost of service. Some regulators have also authorized the use of additional alternative revenue programs, which enable PPL Electric, LG&E and KU to adjust future rates based on past activities or completed events. Revenues from alternative revenue programs are recognized when the specific events permitting future billings have occurred. Revenues from alternative revenue programs are required to be presented separately from revenues from contracts with customers. These amounts are, however, presented as revenues from contracts with customers, with an offsetting adjustment to alternative revenue program revenue, when they are billed to customers in future periods. See Note 3 for additional information.

Financing and Other Receivables

(All Registrants)

Accounts receivable are reported on the Balance Sheets at the gross outstanding amount adjusted for an allowance for doubtful accounts. Financing receivables include accounts receivable, with the exception of those items within accounts receivable that are not subject to the credit loss model.

Financing receivable collectibility is evaluated using a current expected credit loss model, consisting of a combination of factors, including past due status based on contractual terms, trends in write-offs and the age of the receivable. Specific events, such as bankruptcies, are also considered when applicable. 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. The Registrants periodically evaluate the impact of observable external factors on the collectibility of the financing receivables to determine if adjustments to the allowance for doubtful accounts should be made based on current conditions or reasonable and supportable forecasts. Accounts receivable are written off in the period in which the receivable is deemed uncollectible.

(PPL and PPL Electric)

PPL Electric has identified one class of financing receivables, “accounts receivable - customer”, which includes financing receivables for all billed and unbilled sales with residential and non-residential customers. All other financing receivables are classified as other. Within the credit loss model for the residential customer accounts receivables, customers are disaggregated based on their projected propensity to pay, which is derived from historical trends and the current activity of the individual customer accounts. Conversely, the non-residential customer accounts receivables are not further segmented due to the varying nature of the individual customers, which lack readily identifiable risk characteristics for disaggregation.

(PPL, LG&E and KU)

LG&E and KU have identified one class of financing receivables, “accounts receivable - customer”, which includes financing receivables for all billed and unbilled sales with customers. All other financing receivables are classified as other.

(All Registrants)

The changes in the allowance for doubtful accounts are included in the following table. Amounts relate to financing receivables, except as noted.

		Additions			
	Balance at Beginning of Period	Charged to Income	Charged to Other Accounts	Deductions (b)	Balance at End of Period
PPL					
2021	$ 73	$ 26	$ —	$ 30	$ 69 (d)
2020 (a)	58 (a)	28	—	13	73 (d)
2019	54	34	3	35	56
PPL Electric					
2021	$ 41	$ 13	$ —	$ 19	$ 35 (c)
2020	30 (a)	19	—	8	41 (c)
2019	27	26	—	25	28
LG&E					
2021	$ 3	$ 4	$ —	$ 4	$ 3
2020	1	4	—	2	3
2019	1	2	2	4	1
KU					
2021	$ 2	$ 8	$ —	$ 7	$ 3
2020	1	4	—	3	2
2019	2	4	1	6	1

(a) Adjusted for $2 million cumulative-effect adjustment upon adoption of current expected credit loss guidance.
(b) Primarily related to uncollectible accounts written off.
(c) Includes $3 million related to other accounts receivables at December 31, 2021 and 2020.
(d) Includes $32 million and $30 million related to other accounts receivables at December 31, 2021 and 2020.

Cash

(All Registrants)

Cash Equivalents

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

(PPL)

Restricted Cash and Cash Equivalents

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. 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."

Reconciliation of Cash, Cash Equivalents and Restricted Cash

The following provides a reconciliation of Cash, Cash Equivalents and Restricted Cash reported within the Balance Sheets to the amounts shown on the Statements of Cash Flows:

	December 31, 2021	December 31, 2020
Cash and cash equivalents	$ 3,571	$ 442
Restricted cash - current	1	1
Total Cash, Cash Equivalents and Restricted Cash	$ 3,572	$ 443

(All Registrants)

Fair Value Measurements

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

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.

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. These investments are included in "Other noncurrent assets" on the Balance Sheets. Earnings from these investments are recorded in "Other Income (Expense) - net" on the Statements of Income.

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 "Other current assets" on the Balance Sheets.

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. 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. Included in PP&E are capitalized costs of software projects that were developed or obtained for internal use. 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 work is performed and costs are incurred.

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 as a return is provided on construction work in progress.

(PPL and PPL Electric)

PPL and PPL Electric capitalize interest costs as part of construction costs. Capitalized interest, including the debt component of AFUDC, for the years ended December 31 is as follows:

	2021	2020	2019
PPL	$ 6	$ 7	$ 9
PPL Electric	6	7	8

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. 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. For LG&E and KU, all ARO depreciation expenses are reclassified to a regulatory asset or regulatory liability. See "Asset Retirement Obligations" below and Note 7 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.

Following are the weighted-average annual rates of depreciation, for regulated utility plant, for the years ended December 31:

	2021	2020	2019
PPL	3.61 %	3.53 %	3.54 %
PPL Electric	3.05 %	2.99 %	3.05 %
LG&E	3.99 %	4.00 %	3.87 %
KU	4.17 %	4.00 %	4.02 %

Goodwill and Other Intangible Assets (*All Registrants)*

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.

Asset Impairment (Excluding Investments)

(All Registrants)

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, 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, LG&E's and KU's reporting units are primarily at the operating segment level.

PPL, for its Kentucky Regulated segment and LKE reporting units, and individually 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 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 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, an impairment loss is recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

In the fourth quarter of 2021, PPL, for its Kentucky Regulated segment and LKE reporting units, and individually, LG&E and KU, elected to perform qualitative step zero evaluations for their annual goodwill impairment tests, as of October 1, 2021. Based on these evaluations, management concluded it was not "more likely than not" that the fair value of these reporting units was less than their carrying values. As such, quantitative impairment tests were not performed.

(PPL)

During the three month-period ended June 30, 2021, Safari Energy determined that the carrying value of its solar panel inventory would not be fully recoverable due to a decrease in the net realizable value of the modules. The decrease was due primarily to the combination of the three following factors: (1) a continued decrease in the fair value of the modules on hand due to more efficient modules being available on the market, (2) the federal government's extension of certain investment tax credits which make modules on the open market eligible for those credits at higher levels of credits and (3) an increase in commodity prices for materials used in various types of solar projects, all of which place pressure on the economics of those projects, making the cost of Safari's solar panels uncompetitive. As a result, Safari Energy recorded a loss of $37 million ($28 million after-tax) in June 2021 to record the solar panels at fair value. The loss was recorded to "Other operation and maintenance" expense on the Statement of Income. Solar panel inventories of $32 million are included in "Other noncurrent assets" on PPL's Balance Sheet at December 31, 2021.

PPL considered whether the events and circumstances that led to the impairment of Safari Energy's solar panels would more likely than not reduce the fair value of PPL's Distributed Energy Resources reporting unit below its carrying amount. Based on PPL's assessment, a quantitative impairment test was not required as of June 30, 2021.

In the fourth quarter of 2021, PPL elected to perform a quantitative goodwill impairment test in conjunction with the annual goodwill impairment assessment for the Distributed Energy Resources reporting unit. The test did not indicate impairment of the reporting unit , however, it is possible that an impairment charge could occur in future periods if any of the assumptions used in determining fair value of the reporting unit are negatively impacted.

(*PPL, LG&E and KU*)

Asset Retirement Obligations

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. For LG&E and KU, all ARO accretion and depreciation expenses are reclassified as a regulatory asset or regulatory liability. ARO regulatory assets associated with certain CCR projects are amortized to expense in accordance with regulatory approvals. For other AROs, deferred accretion and depreciation expense is recovered through cost of removal.

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 7 and Note 20 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 required amortization period. 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 full required amortization period.

See Note 7 for a discussion of the regulatory treatment of defined benefit costs and Note 12 for a discussion of defined benefits.

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

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. Forfeitures of awards are recognized when they occur. See Note 11 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 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 on tax returns and valuation allowances on deferred tax assets.

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 its 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%. Unrecognized tax benefits are classified as current to the extent management expects to settle the uncertain tax position by payment or receipt of cash within one year of the reporting date. 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. At December 31, 2021, no significant changes in unrecognized tax benefits were projected over the next 12 months.

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 income tax assets to the amounts that are more-likely-than-not to be realized. The need for valuation allowances requires significant management judgment. 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 amount of deferred tax assets ultimately realized may differ materially from the estimates utilized in the computation of valuation allowances and may materially impact the financial statements in the future.

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

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

The Registrants use the portfolio approach method of accounting for deferred taxes related to pre-tax OCI transactions. The portfolio approach involves a strict period-by-period cumulative incremental allocation of income taxes to the change in income and losses reflected in OCI. Under this approach, the net cumulative tax effect is ignored. The net change in unrealized gains and losses recorded in AOCI under this approach would be eliminated only on the date the investment portfolio is classified as held for sale or is liquidated.

See Note 6 to the Financial Statements for income tax disclosures.

The provision for the Registrants' deferred income taxes related to regulatory assets and liabilities is based upon the ratemaking principles reflected in rates established by relevant regulators. The difference in the provision for deferred income taxes for regulatory assets and liabilities and the amount that otherwise would be recorded under GAAP is deferred and included on the Balance Sheets in noncurrent "Regulatory assets" or "Regulatory liabilities."

(PPL Electric, LG&E and KU)

The income tax provision for PPL Electric, 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, 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:

	2021	2020
PPL Electric	$ (4)	$ (9)
LG&E	4	(1)
KU	1	(5)

Taxes, Other Than Income *(All Registrants)*

The Registrants present sales taxes in "Other current liabilities" on the Balance Sheets. These taxes are not reflected on the Statements of Income. See Note 6 for details of 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 10 for additional information.

Fuel, Materials and Supplies

Fuel, natural gas stored underground and materials and supplies are valued using the average cost method. Fuel costs for electricity 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 7 for further discussion of the fuel adjustment clauses and gas supply clause.

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

	2021			
	PPL	PPL Electric	LG&E	KU
Fuel	$ 90	$ —	$ 32	$ 58
Natural gas stored underground	54	—	54	—
Materials and supplies	178	61	51	66
Total	$ 322	$ 61	$ 137	$ 124

	2020			
	PPL	PPL Electric	LG&E	KU
Fuel	$ 95	$ —	$ 38	$ 57
Natural gas stored underground	30	—	30	—
Materials and supplies	177	59	51	66
Total	$ 302	$ 59	$ 119	$ 123

Guarantees

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 14 for further discussion of recorded and unrecorded guarantees.

(PPL)

Treasury Stock

PPL generally restores all shares of common stock acquired to authorized but unissued shares of common stock upon or soon after acquisition. In connection with its recent share repurchases in the third and fourth quarter of 2021, PPL has not yet returned these shares to authorized but unissued shares, as it is determining if it will retain some portion of these shares as Treasury stock to use in connection with certain compensation plans.

Foreign Currency Translation and Transactions

Adjustments resulting from foreign currency translation are recorded in AOCI and reclassified to income when the related foreign entity is sold. See Note 21 for additional information.

2. Segment and Related Information

(PPL)

PPL is organized into two segments: Kentucky Regulated and Pennsylvania Regulated. PPL's segments are segmented by geographic location.

The Kentucky Regulated segment consists primarily of LG&E's and KU's regulated electricity generation, transmission and distribution operations, as well as LG&E's regulated distribution and sale of natural gas.

The Pennsylvania Regulated segment includes the regulated electricity transmission and distribution operations of PPL Electric.

"Corporate and Other" primarily includes financing costs incurred at the corporate level that have not been allocated or assigned to the segments, certain other unallocated costs, as well as the financial results of Safari Energy, which is presented to reconcile segment information to PPL's consolidated results. For the periods ended December 31, 2020 and 2019, these amounts have been adjusted for certain costs that were previously included in the U.K. Regulated segment.

On March 17, 2021, PPL WPD Limited entered into a share purchase agreement to sell PPL's U.K. utility business, which substantially represented PPL's U.K. Regulated segment. As a result, PPL determined segment information for the U.K. Regulated segment would no longer be provided beginning with the March 31, 2021 Form 10-Q. The sale of the U.K. utility business was completed on June 14, 2021. See Note 9 for additional information.

Income Statement data for the segments and reconciliation to PPL's consolidated results for the years ended December 31 are as follows:

	2021	2020	2019
Operating Revenues from external customers (a)			
Kentucky Regulated	$ 3,348	$ 3,106	$ 3,206
Pennsylvania Regulated	2,402	2,330	2,358
Corporate and Other	33	38	38
Total	$ 5,783	$ 5,474	$ 5,602

	2021	2020	2019
Depreciation			
Kentucky Regulated	$ 647	$ 606	$ 547
Pennsylvania Regulated	424	403	386
Corporate and Other	11	13	16
Total	$ 1,082	$ 1,022	$ 949
Amortization (b)			
Kentucky Regulated	$ 15	$ 19	$ 27
Pennsylvania Regulated	19	26	24
Corporate and Other	5	13	7
Total	$ 39	$ 58	$ 58
Interest Expense (c)			
Kentucky Regulated	$ 249	$ 300	$ 298
Pennsylvania Regulated	162	172	169
Corporate and Other (d)	507	162	154
Total	$ 918	$ 634	$ 621
Income Before Income Taxes			
Kentucky Regulated	$ 562	$ 516	$ 530
Pennsylvania Regulated	599	664	607
Corporate and Other	(640)	(226)	(218)
Total	$ 521	$ 954	$ 919
Income Taxes (e)			
Kentucky Regulated	$ 94	$ 98	$ 94
Pennsylvania Regulated	154	167	149
Corporate and Other	255	49	(60)
Total	$ 503	$ 314	$ 183
Deferred income taxes and investment tax credits (f)			
Kentucky Regulated	$ 272	$ 64	$ 82
Pennsylvania Regulated	79	82	90
Corporate and Other	(264)	23	(3)
Total	$ 87	$ 169	$ 169
Net Income			
Kentucky Regulated	$ 468	$ 418	$ 436
Pennsylvania Regulated	445	497	458
Corporate and Other (d)	(895)	(275)	(158)
Discontinued Operations	(1,498)	829	1,010
Total	$ (1,480)	$ 1,469	$ 1,746

(a) See Note 1 and Note 3 for additional information on Operating Revenues.
(b) Represents non-cash expense items that include amortization of operating lease right-of-use assets, regulatory assets and liabilities, debt discounts and premiums and debt issuance costs.
(c) Beginning in 2021, corporate level financing costs are no longer allocated to the reportable segments and are being reported in Corporate and Other. For the years ended December 31, 2020 and 2019, corporate level financing costs of $32 million, net of $8 million of income taxes, and $32 million, net of $9 million of income taxes, were allocated to the Kentucky Regulated segment. For the years ended December 31, 2020 and 2019, an immaterial amount of financing costs were allocated to the Pennsylvania Regulated segment.
(d) 2021 includes losses from the extinguishment of PPL Capital Funding debt. 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."

Cash Flow data for the segments and reconciliation to PPL's consolidated results for the years ended December 31 are as follows:

	2021	2020	2019
Expenditures for long-lived assets			
Kentucky Regulated	$ 1,026	$ 966	$ 1,097
Pennsylvania Regulated	904	1,154	1,121
Corporate and Other	49	158	32
Total	$ 1,979	$ 2,278	$ 2,250

The following provides Balance Sheet data for the segments and reconciliation to PPL's consolidated results as of:

	As of December 31,	
	2021	2020
Total Assets		
Kentucky Regulated	$ 16,360	$ 15,943
Pennsylvania Regulated	13,336	12,347
Corporate and Other (a)	3,527	843
Assets held for sale (b)	—	18,983
Total	$ 33,223	$ 48,116

(a) Primarily consists of unallocated items, including cash, PP&E, goodwill, the elimination of inter-segment transactions as well as the assets of Safari Energy.
(b) See Note 9 for additional information.

(PPL Electric, LG&E and KU)

PPL Electric has two operating segments that are aggregated into a single reportable segment. LG&E and KU are individually single operating and reportable segments.

3. Revenue from Contracts with Customers

(All Registrants)

The following is a description of the principal activities from which the Registrants and PPL's segments generate their revenues.

(PPL and PPL Electric)

Pennsylvania Regulated Segment Revenue

The Pennsylvania Regulated Segment generates substantially all of its revenues from contracts with customers from PPL Electric's tariff-based distribution and transmission of electricity.

Distribution Revenue

PPL Electric provides distribution services to residential, commercial, industrial, municipal and governmental end users of energy. PPL Electric satisfies its performance obligation to its distribution customers and revenue is recognized over-time as electricity is delivered and simultaneously consumed by the customer. The amount of revenue recognized is the volume of electricity delivered during the period multiplied by the price per tariff, plus a monthly fixed charge. This method of recognition fairly presents PPL Electric's transfer of electric service to the customer as the calculation is based on actual volumes, and the price per tariff and the monthly fixed charge are set by the PUC. Customers are typically billed monthly and outstanding amounts are normally due within 21 days of the date of the bill.

Distribution customers are "at will" customers of PPL Electric with no term contract and no minimum purchase commitment. Performance obligations are limited to the service requested and received to date. Accordingly, there is no unsatisfied performance obligation associated with PPL Electric's retail account contracts.

Transmission Revenue

PPL Electric generates transmission revenues from a FERC-approved PJM Open Access Transmission Tariff. An annual revenue requirement for PPL Electric to provide transmission services is calculated using a formula-based rate. This revenue requirement is converted into a daily rate (dollars per day). PPL Electric satisfies its performance obligation to provide transmission services and revenue is recognized over-time as transmission services are provided and consumed. This method of recognition fairly presents PPL Electric's transfer of transmission services as the daily rate is set by a FERC approved formula-based rate. PJM remits payment on a weekly basis.

PPL Electric's agreement to provide transmission services contains no minimum purchase commitment. The performance obligation is limited to the service requested and received to date. Accordingly, PPL Electric has no unsatisfied performance obligations.

(PPL, LG&E and KU)

Kentucky Regulated Segment Revenue

The Kentucky Regulated Segment generates substantially all of its revenues from contracts with customers from LG&E's and KU's regulated tariff-based sales of electricity and LG&E's regulated tariff-based sales of natural gas.

LG&E and KU are engaged in the generation, transmission, distribution and sale of electricity in Kentucky and, in KU's case, Virginia. LG&E also engages in the distribution and sale of natural gas in Kentucky. Revenue from these activities is generated from tariffs approved by applicable regulatory authorities including the FERC, KPSC and VSCC. LG&E and KU satisfy their performance obligations upon LG&E's and KU's delivery of electricity and LG&E's delivery of natural gas to customers. This revenue is recognized over-time as the customer simultaneously receives and consumes the benefits provided by LG&E and KU. The amount of revenue recognized is the billed volume of electricity or natural gas delivered multiplied by a tariff rate per-unit of energy, plus any applicable fixed charges or additional regulatory mechanisms. Customers are billed monthly and outstanding amounts are typically due within 22 days of the date of the bill. Additionally, unbilled revenues are recognized as a result of customers' bills rendered throughout the month, rather than bills being rendered at the end of the month. Unbilled revenues for a month are calculated by multiplying an estimate of unbilled kWh or Mcf delivered but not yet billed by the estimated average cents per kWh or Mcf. Any difference between estimated and actual revenues is adjusted the following month when the previous unbilled estimate is reversed and actual billings occur. This method of recognition fairly presents LG&E's and KU's transfer of electricity and LG&E's transfer of natural gas to the customer as the amount recognized is based on actual and estimated volumes delivered and the tariff rate per-unit of energy and any applicable fixed charges or regulatory mechanisms as set by the respective regulatory body.

LG&E's and KU's customers generally have no minimum purchase commitment. Performance obligations are limited to the service requested and received to date. Accordingly, there is no unsatisfied performance obligation associated with these customers.

(All Registrants)

The following table reconciles "Operating Revenues" included in each Registrant's Statement of Income with revenues generated from contracts with customers for the years ended December 31:

	2021			
	PPL	**PPL Electric**	**LG&E**	**KU**
Operating Revenues (a)	$ 5,783	$ 2,402	$ 1,569	$ 1,826
Revenues derived from:				
Alternative revenue programs (b)	77	83	(3)	(3)
Other (c)	(22)	(3)	(8)	(9)
Revenues from Contracts with Customers	$ 5,838	$ 2,482	$ 1,558	$ 1,814

	2020			
	PPL	PPL Electric	LG&E	KU
Operating Revenues (a)	$ 5,474	$ 2,331	$ 1,456	$ 1,690
Revenues derived from:				
Alternative revenue programs (b)	(24)	(12)	(8)	(4)
Other (c)	(21)	(3)	(7)	(10)
Revenues from Contracts with Customers	$ 5,429	$ 2,316	$ 1,441	$ 1,676

	2019			
	PPL	PPL Electric	LG&E	KU
Operating Revenues (a)	$ 5,602	$ 2,358	$ 1,500	$ 1,740
Revenues derived from:				
Alternative revenue programs (b)	(30)	(6)	(10)	(14)
Other (c)	(31)	(10)	(9)	(12)
Revenues from Contracts with Customers	$ 5,541	$ 2,342	$ 1,481	$ 1,714

(a) Amounts for PPL Electric represent revenues from external customers reported by the Pennsylvania Regulated segment and amounts for LG&E and KU, net of intercompany power sales and transmission revenues, represent revenues from external customers reported by the Kentucky Regulated segment. See Note 2 for additional information.
(b) Alternative revenue programs include the transmission formula rate for PPL Electric, the ECR and DSM programs for LG&E and KU, the GLT and GSC programs for LG&E, and the generation formula rate for KU. For PPL Electric, revenue in 2021 was reduced by $78 million for a reduction in the transmission formula rate return on equity. See Note 7 for additional information. This line item shows the over/under collection of these rate mechanisms with over-collections of revenue shown as positive amounts in the table above and under-collections shown as negative amounts.
(c) Represents additional revenues outside the scope of revenues from contracts with customers such as leases and other miscellaneous revenues.

The following table shows revenues from contracts with customers disaggregated by customer class for the years ended December 31:

	2021							
	Residential	Commercial	Industrial	Other (a)	Wholesale - municipality	Wholesale - other (b)	Transmission	Revenues from Contracts with Customers
PPL								
PA Regulated	$ 1,299	$ 350	$ 53	$ 50	$ —	$ —	$ 730	$ 2,482
KY Regulated	1,416	928	586	305	24	66	—	3,325
Corp and Other	—	—	—	31	—	—	—	31
Total PPL	$ 2,715	$ 1,278	$ 639	$ 386	$ 24	$ 66	$ 730	$ 5,838
PPL Electric	$ 1,299	$ 350	$ 53	$ 50	$ —	$ —	$ 730	$ 2,482
LG&E	$ 711	$ 473	$ 180	$ 145	$ —	$ 49	$ —	$ 1,558
KU	$ 705	$ 455	$ 406	$ 160	$ 24	$ 64	$ —	$ 1,814

	2020							
	Residential	Commercial	Industrial	Other (a)	Wholesale - municipality	Wholesale - other (b)	Transmission	Revenues from Contracts with Customers
PPL								
PA Regulated	$ 1,238	$ 314	$ 44	$ 50	$ —	$ —	$ 670	$ 2,316
KY Regulated	1,347	871	538	261	20	40	—	3,077
Corp and Other	—	—	—	36	—	—	—	36
Total PPL	$ 2,585	$ 1,185	$ 582	$ 347	$ 20	$ 40	$ 670	$ 5,429
PPL Electric	$ 1,238	$ 314	$ 44	$ 50	$ —	$ —	$ 670	$ 2,316
LG&E	$ 676	$ 444	$ 173	$ 114	$ —	$ 34	$ —	$ 1,441
KU	$ 671	$ 427	$ 365	$ 147	$ 20	$ 46	$ —	$ 1,676

	2019							
	Residential	Commercial	Industrial	Other (a)	Wholesale - municipality	Wholesale - other (b)	Transmission	Revenues from Contracts with Customers
PPL								
PA Regulated	$ 1,288	$ 349	$ 59	$ 52	$ —	$ —	$ 594	$ 2,342
KY Regulated	1,322	908	562	277	43	49	—	3,161
Corp and Other	—	—	—	38	—	—	—	38
Total PPL	$ 2,610	$ 1,257	$ 621	$ 367	$ 43	$ 49	$ 594	$ 5,541
PPL Electric	$ 1,288	$ 349	$ 59	$ 52	$ —	$ —	$ 594	$ 2,342
LG&E	$ 668	$ 466	$ 180	$ 121	$ —	$ 46	$ —	$ 1,481
KU	$ 654	$ 442	$ 382	$ 156	$ 43	$ 37	$ —	$ 1,714

(a) Primarily includes revenues from pole attachments, street lighting, other public authorities and other non-core businesses.
(b) Includes wholesale power and transmission revenues. LG&E and KU amounts include intercompany power sales and transmission revenues, which are eliminated upon consolidation at PPL.

As discussed in Note 2, PPL segments its business by geographic location. Revenues from external customers for each segment/geographic location are reconciled to revenues from contracts with customers in the footnotes to the tables above. PPL Electric's revenues from contracts with customers are further disaggregated by distribution and transmission as indicated in the above tables.

Contract receivables from customers are primarily included in "Accounts receivable - Customer" and "Unbilled revenues" on the Balance Sheets.

The following table shows the accounts receivable and unbilled revenues balances that were impaired for the year ended December 31:

	2021	2020	2019
PPL	$ 22	$ 25	$ 27
PPL Electric	10	17	21
LG&E	4	4	2
KU	8	4	4

The following table shows the balances and certain activity of contract liabilities resulting from contracts with customers:

	PPL	PPL Electric	LG&E	KU
Contract liabilities as of December 31, 2021	$ 42	$ 25	$ 6	$ 6
Contract liabilities as of December 31, 2020	40	23	5	6
Revenue recognized during the year ended December 31, 2021 that was included in the contract liability balance at December 31, 2020	24	11	5	6
Contract liabilities as of December 31, 2020	$ 40	$ 23	$ 5	$ 6
Contract liabilities as of December 31, 2019	37	21	5	4
Revenue recognized during the year ended December 31, 2020 that was included in the contract liability balance at December 31, 2019	22	9	5	4
Contract liabilities as of December 31, 2019	$ 37	$ 21	$ 5	$ 4
Contract liabilities as of December 31, 2018	40	23	5	4
Revenue recognized during the year ended December 31, 2019 that was included in the contract liability balance at December 31, 2018	25	11	5	4

Contract liabilities result from recording contractual billings in advance for customer attachments to the Registrants' infrastructure and payments received in excess of revenues earned to date. Advanced billings for customer attachments are recognized as revenue ratably over the billing period. Payments received in excess of revenues earned to date are recognized as revenue as services are delivered in subsequent periods.

At December 31, 2021, PPL had $46 million of performance obligations attributable to Corporate and Other that have not been satisfied. Of this amount, PPL expects to recognize approximately $41 million within the next 12 months.

4. 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 2021, 2020 or 2019.

(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 2021, 2020 or 2019.

(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 2021, 2020 or 2019.

(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 2021, 2020 or 2019.

5. 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. Incremental non-participating securities that have a dilutive impact are detailed in the table below.

These securities also included the remaining shares of PPL common stock forward sale agreements, which were settled in 2019. The forward sale agreements were dilutive under the Treasury Stock Method to the extent the average stock price of PPL's common shares exceeded the forward sale price prescribed in the agreements.

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:

	2021	2020	2019
Income (Numerator)			
Income from continuing operations after income taxes	$ 18	$ 640	$ 736
Less amounts allocated to participating securities	—	1	1
Income from continuing operations after income taxes available to PPL common shareowners - Basic and Diluted	$ 18	$ 639	$ 735
Income (loss) from discontinued operations (net of income taxes) available to PPL common shareowners - Basic and Diluted	$ (1,498)	$ 829	$ 1,010
Net income (loss) attributable to PPL	$ (1,480)	$ 1,469	1,746
Less amounts allocated to participating securities	—	1	1
Net income (loss) available to PPL common shareowners - Basic and Diluted	$ (1,480)	$ 1,468	$ 1,745
Shares of Common Stock (Denominator)			
Weighted-average shares - Basic EPS	762,902	768,590	728,512
Add incremental non-participating securities:			
Add: Dilutive share-based payment awards (a)	1,917	794	1,101
Add: Forward sale agreements	—	—	7,141
Weighted-average shares - Diluted EPS	764,819	769,384	736,754
Basic EPS			
Available to PPL common shareowners:			
Income from continuing operations after income taxes	$ 0.03	$ 0.83	$ 1.01
Income (loss) from discontinued operations (net of income taxes)	(1.96)	1.08	1.38
Net Income (Loss) available to PPL common shareowners	$ (1.93)	$ 1.91	$ 2.39
Diluted EPS			
Available to PPL common shareowners:			
Income from continuing operations after income taxes	$ 0.03	$ 0.83	$ 1.00
Income (loss) from discontinued operations (net of income taxes)	(1.96)	1.08	1.37
Net Income (Loss) available to PPL common shareowners	$ (1.93)	$ 1.91	$ 2.37

(a) The Treasury Stock Method was applied to non-participating share-based payment awards.

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

	2021	2020
Stock-based compensation plans (a)	983	731
DRIP	—	943

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

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

	2021	2020	2019
Stock-based compensation awards	1,783	452	8

6. Income and Other Taxes

(PPL)

"Income (Loss) from Continuing Operations Before Income Taxes" is from domestic operations.

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 7 for additional information.

Net deferred tax assets have been recognized based on management's estimates of future taxable income.

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

	2021	2020
Deferred Tax Assets		
Deferred investment tax credits	$ 30	$ 30
Regulatory liabilities	94	68
Income taxes due to customers	422	444
Accrued pension and postretirement costs	75	106
Federal loss carryforwards (a)	—	234
State loss carryforwards	483	448
Federal and state tax credit carryforwards (a)	15	401
Leases	67	68
Contributions in aid of construction	120	115
Other	84	68
Valuation allowances	(462)	(536)
Total deferred tax assets	928	1,446
Deferred Tax Liabilities		
Plant - net	3,812	3,700
Regulatory assets	180	195
Other	75	70
Total deferred tax liabilities	4,067	3,965
Net deferred tax liability	$ 3,139	$ 2,519

(a) PPL utilized federal net operating losses of $1,115 million and tax credit carryforwards of $272 million in June 2021 as a result of the completion of the sale of the U.K. utility business on June 14, 2021. The related deferred tax assets decreased by approximately $506 million, with a corresponding reduction in current income taxes.

State deferred taxes are determined by entity and by jurisdiction. As a result, $12 million and $17 million of net deferred tax assets are shown as "Other noncurrent assets" on the Balance Sheets for 2021 and 2020.

At December 31, 2021, PPL had the following loss and tax credit carryforwards, related deferred tax assets and valuation allowances recorded against the deferred tax assets:

	Gross	Deferred Tax Asset	Valuation Allowance	Expiration
Loss and other carryforwards				
State net operating losses	$ 6,468	$ 483	$ (459)	2022-2041
Credit carryforwards				
State recycling credit		14	—	2028
State - other		1	—	Indefinite

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:

	Balance at Beginning of Period	Additions: Charged to Income	Additions: Charged to Other Accounts	Deductions	Balance at End of Period
2021	$ 536	$ 48 (a)	$ —	$ 122 (b)	$ 462
2020	514	26	—	4	536
2019	495	24	—	5	514

(a) In 2021, PPL recorded a $31 million increase in a valuation allowance on a state net operating loss carryforward in connection with the loss on extinguishment associated with a tender offer to purchase and retire PPL Capital Funding's outstanding Senior Notes. See Note 8 for additional information on the tender offer.
(b) In light of the disposition of PPL's U.K. utility business, there was a decrease in the valuation allowance of approximately $113 million.

A U.S. based company with foreign subsidiaries may be required to record deferred taxes associated with the differences in the outside book-tax basis of those subsidiaries. The primary component of such outside basis differences is ordinarily accumulated unremitted earnings. In anticipation of the WPD sale, indefinite reinvestment of accumulated unremitted earnings of WPD was no longer relevant and, in the first quarter of 2021, PPL recorded a deferred tax liability reflecting the expected tax cost associated with the realization of the outside book-tax basis difference in the investment in WPD. In the second quarter of 2021, following completion of the WPD sale, that deferred tax was recorded to current tax expense.

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:

	2021	2020	2019
Income Tax Expense (Benefit)			
Current - Federal	$ (1)	$ (8)	$ (10)
Current - State	36	24	19
Current - Foreign	(1)	(2)	—
Total Current Expense (Benefit)	34	14	9
Deferred - Federal	28	135	141
Deferred - State	105	94	76
Deferred - Foreign (a)	383	101	(14)
Total Deferred Expense (Benefit), excluding operating loss carryforwards	516	330	203
Amortization of investment tax credit	(3)	(3)	(3)
Tax expense (benefit) of operating loss carryforwards			
Deferred - Federal	12	6	7
Deferred - State	(56)	(33)	(33)
Total Tax Expense (Benefit) of Operating Loss Carryforwards	(44)	(27)	(26)
Total income tax expense (benefit)	$ 503	$ 314	$ 183
Total income tax expense (benefit) - Federal	$ 36	$ 130	$ 135
Total income tax expense (benefit) - State	85	85	62
Total income tax expense (benefit) - Foreign	382	99	(14)
Total income tax expense (benefit)	$ 503	$ 314	$ 183

(a) In 2021, the U.K. Finance Act 2021 increased the U.K. corporation tax rate from 19% to 25%, effective April 1, 2023. The primary impact of the corporation tax rate increase was an increase in deferred tax liabilities of the U.K. utility business, which was sold on June 14, 2021, and a corresponding deferred tax expense of $383 million, which was recognized in continuing operations in the second quarter of 2021.
In 2020, the U.K. Finance Act 2020 cancelled the tax rate reduction from 19% to 17%. The primary impact of the cancellation of the corporation tax rate reduction was an increase in deferred tax liabilities and a corresponding deferred tax expense of $106 million.

In the table above, the following income tax expense (benefit) are excluded from income taxes:

	2021	2020	2019
Discontinued operations - PPL U.K. utility business	$ 759	$ 188	$ 226
Reclassification from AOCI due to sale of UK utility business	660	—	—
Other comprehensive income	150	(19)	(93)
Total	$ 1,569	$ 169	$ 133

Reconciliation of Income Tax Expense (Benefit)	2021	2020	2019
Federal income tax on Income Before Income Taxes at statutory tax rate - 21%	$ 109	$ 200	$ 193
State income taxes, net of federal income tax benefit	23	48	45
Valuation allowance adjustments (a)	48	24	22
Federal and state income tax return adjustments	(3)	(9)	1
Impact of the U.K. Finance Acts on deferred tax balances (b)	383	101	(14)
Depreciation and other items not normalized	(5)	(5)	(10)
Amortization of excess deferred federal and state income taxes	(54)	(43)	(40)
Non-deductible officer's salary	6	7	4
Kentucky recycling credit, net of federal income tax expense (c)	—	—	(18)
Other	(4)	(9)	—
Total increase (decrease)	394	114	(10)
Total income tax expense (benefit)	$ 503	$ 314	$ 183
Effective income tax rate	96.5%	32.9%	19.9%

(a) In 2021, PPL recorded a $31 million state deferred tax benefit on a net operating loss and an offsetting valuation allowance in connection with the loss on extinguishment associated with a tender offer to purchase and retire PPL Capital Funding's outstanding Senior Notes. See Note 8 for additional information on the tender offer.

In 2021, 2020, and 2019, PPL recorded deferred income tax expense of $15 million, $24 million and $25 million for valuation allowances primarily related to increased Pennsylvania net operating loss carryforwards expected to be unutilized.

(b) In 2020, the U.K. Finance Act 2020 cancelled the tax rate reduction to 17%, thereby maintaining the corporation tax rate at 19% for financial years 2020 and 2021. The primary impact of the cancellation of the corporation tax rate reduction was an increase in deferred tax liabilities and a corresponding deferred tax expense of $106 million.

In 2021, the U.K. Finance Act 2021 increased the U.K. corporation tax rate from 19% to 25%, effective April 1, 2023. The primary impact of the corporation tax rate increase was an increase in deferred tax liabilities of the U.K. utility business, which was sold on June 14, 2021, and a corresponding deferred tax expense of $383 million, which was recognized in continuing operations in the second quarter of 2021.

(c) In 2019, LG&E recorded a deferred income tax benefit associated with two projects placed into service that prepare a generation waste material for reuse and, as a result, qualify for a Kentucky recycling credit. The applicable credit provides tax benefits for a portion of the equipment costs for major recycling projects in Kentucky.

Taxes, other than income	2021	2020	2019
State gross receipts	$ 113	$ 100	$ 107
Domestic - other	94	80	79
Total	$ 207	$ 180	$ 186

(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 "Regulatory liabilities" on the Balance Sheets.

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

	2021	2020
Deferred Tax Assets		
Accrued pension and postretirement costs	$ 14	$ 25
Contributions in aid of construction	95	91
Regulatory liabilities	52	24
Income taxes due to customers	154	162
Federal loss carryforwards (a)	—	52
Other	21	29
Total deferred tax assets	336	383
Deferred Tax Liabilities		
Electric utility plant - net	1,891	1,826
Regulatory assets	74	86
Other	39	30
Total deferred tax liabilities	2,004	1,942
Net deferred tax liability	$ 1,668	$ 1,559

(a) PPL Electric utilized their remaining federal net operating losses and recorded the related deferred tax assets to current expense in June 2021 as a result of the completion of the sale of the U.K. utility business on June 14, 2021.

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

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:

	2021	2020	2019
Income Tax Expense (Benefit)			
Current - Federal	$ 40	$ 61	$ 44
Current - State	35	23	15
Total Current Expense (Benefit)	75	84	59
Deferred - Federal	59	45	51
Deferred - State	20	38	39
Total Deferred Expense (Benefit), excluding operating loss carryforwards	79	83	90
Total income tax expense (benefit)	$ 154	$ 167	$ 149
Total income tax expense (benefit) - Federal	$ 99	$ 106	$ 95
Total income tax expense (benefit) - State	55	61	54
Total income tax expense (benefit)	$ 154	$ 167	$ 149

	2021	2020	2019
Reconciliation of Income Tax Expense (Benefit)			
Federal income tax on Income Before Income Taxes at statutory tax rate - 21%	$ 126	$ 139	$ 127
Increase (decrease) due to:			
State income taxes, net of federal income tax benefit	46	52	47
Federal and state income tax return adjustments	—	(4)	1
Depreciation and other items not normalized	(5)	(5)	(10)
Amortization of excess deferred federal income taxes (a)	(14)	(16)	(18)
Other	1	1	2
Total increase (decrease)	28	28	22
Total income tax expense (benefit)	$ 154	$ 167	$ 149
Effective income tax rate	25.7%	25.2%	24.6%

(a) In 2021, 2020 and 2019, PPL Electric recorded lower income tax expense for the amortization of excess deferred taxes that primarily resulted from the U.S. federal corporate income tax rate reduction from 35% to 21% enacted by the TCJA. This amortization represents each year's refund amount, prior to a tax gross-up, to be paid to customers for previously collected deferred taxes at higher income tax rates.

	2021	2020	2019
Taxes, other than income			
State gross receipts	$ 113	$ 100	$ 107
Property and other	7	7	5
Total	$ 120	$ 107	$ 112

(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:

	2021	2020
Deferred Tax Assets		
Contributions in aid of construction	$ 15	$ 15
Regulatory liabilities	18	20
Deferred investment tax credits	8	8
Income taxes due to customers	125	132
State tax credit carryforwards	11	12
Lease liabilities	4	5
Valuation allowances	(11)	(12)
Other	11	11
Total deferred tax assets	181	191
Deferred Tax Liabilities		
Plant - net	854	833
Regulatory assets	65	66
Lease right-of-use assets	4	4
Other	9	4
Total deferred tax liabilities	932	907
Net deferred tax liability	$ 751	$ 716

At December 31, 2021 LG&E had $11 million of state credit carryforwards that expire in 2028 and an $11 million valuation allowance related to state credit carryforwards due to insufficient projected Kentucky taxable income.

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:

	2021	2020	2019
Income Tax Expense (Benefit)			
Current - Federal	$ 41	$ 53	$ 4
Current - State	5	7	4
Total Current Expense (Benefit)	46	60	8
Deferred - Federal	1	(4)	46
Deferred - State	8	7	10
Total Deferred Expense (Benefit)	9	3	56
Amortization of investment tax credit - Federal	(1)	(1)	(1)
Total income tax expense (benefit)	$ 54	$ 62	$ 63
Total income tax expense (benefit) - Federal	$ 41	$ 48	$ 49
Total income tax expense (benefit) - State	13	14	14
Total income tax expense (benefit)	$ 54	$ 62	$ 63

	2021	2020	2019
Reconciliation of Income Tax Expense (Benefit)			
Federal income tax on Income Before Income Taxes at statutory tax rate - 21%	$ 64	$ 64	$ 62
Increase (decrease) due to:			
State income taxes, net of federal income tax benefit	12	12	12
Amortization of excess deferred federal and state income taxes	(20)	(11)	(10)
Kentucky recycling credit, net of federal income tax expense (a)	—	—	(14)
Valuation allowance adjustments (a)	—	—	14
Other	(2)	(3)	(1)
Total increase (decrease)	(10)	(2)	1
Total income tax expense (benefit)	$ 54	$ 62	$ 63
Effective income tax rate	17.8%	20.3%	21.4%

(a) In 2019, LG&E recorded a deferred income tax benefit associated with two projects placed into service that prepare a generation waste material for reuse and, as a result, qualify for a Kentucky recycling credit. The applicable credit provides tax benefits for a portion of the equipment costs for major recycling projects in Kentucky. This amount has been reserved due to insufficient Kentucky taxable income projected at LG&E.

	2021	2020	2019
Taxes, other than income			
Property and other	$ 46	$ 40	$ 39
Total	$ 46	$ 40	$ 39

(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 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:

	2021	2020
Deferred Tax Assets		
Contributions in aid of construction	$ 9	$ 8
Regulatory liabilities	23	23
Deferred investment tax credits	22	22
Income taxes due to customers	143	150
State tax credit carryforwards	4	5
Lease liabilities	7	8
Valuation allowances	(3)	(4)
Other	4	4
Total deferred tax assets	209	216
Deferred Tax Liabilities		
Plant - net	1,012	992
Regulatory assets	41	43
Pension and postretirement costs	13	8
Lease right-of-use assets	6	7
Other	2	1
Total deferred tax liabilities	1,074	1,051
Net deferred tax liability	$ 865	$ 835

At December 31, 2021 KU had $4 million of state credit carryforwards of which $3 million will expire in 2028 and $1 million that has an indefinite carryforward period. At December 31, 2021 KU had a $3 million valuation allowance related to state credit carryforwards due to insufficient projected Kentucky taxable income.

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:

	2021	2020	2019
Income Tax Expense (Benefit)			
Current - Federal	$ 58	$ 40	$ 35
Current - State	8	3	5
Total Current Expense (Benefit)	66	43	40
Deferred - Federal	(4)	11	28
Deferred - State	7	11	13
Total Deferred Expense (Benefit)	3	22	41
Amortization of investment tax credit - Federal	(2)	(2)	(2)
Total income tax expense (benefit)	$ 67	$ 63	$ 79
Total income tax expense (benefit) - Federal	$ 52	$ 49	$ 61
Total income tax expense (benefit) - State	15	14	18
Total income tax expense (benefit)	$ 67	$ 63	$ 79

	2021	2020	2019
Reconciliation of Income Tax Expense (Benefit)			
Federal income tax on Income Before Income Taxes at statutory tax rate - 21%	$ 76	$ 72	$ 78
Increase (decrease) due to:			
State income taxes, net of federal income tax benefit	14	14	15
Amortization of investment tax credit	(2)	(2)	(2)
Amortization of excess deferred federal and state income taxes	(20)	(17)	(13)
Kentucky recycling credit, net of federal income tax expense (a)	—	—	(4)
Valuation allowance adjustments (a)	—	—	4
Other	(1)	(4)	1
Total increase (decrease)	(9)	(9)	1
Total income tax expense (benefit)	$ 67	$ 63	$ 79
Effective income tax rate	18.4%	18.4%	21.2%

(a) In 2019, KU recorded a deferred income tax benefit associated with a project placed into service that prepare a generation waste material for reuse and, as a result, qualify for a Kentucky recycling credit. The applicable credit provides tax benefits for a portion of the equipment costs for major recycling projects in Kentucky. This amount has been reserved due to insufficient Kentucky taxable income projected at KU.

	2021	2020	2019
Taxes, other than income			
Property and other	$ 41	$ 37	$ 35
Total	$ 41	$ 37	$ 35

(All Registrants)

Unrecognized Tax Benefits

PPL or its subsidiaries file tax returns in four major tax jurisdictions. The income tax provisions for PPL Electric, 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. PPL Electric or its subsidiaries indirectly or directly file tax returns in two major tax jurisdictions, and LG&E and KU indirectly or directly file tax returns in two major tax jurisdictions. With few exceptions, at December 31, 2021, these jurisdictions, as well as the tax years that are no longer subject to examination, were as follows.

	PPL	PPL Electric	LG&E	KU
U.S. (federal)	2017 and prior	2017 and prior	2017 and prior	2017 and prior
Pennsylvania (state)	2017 and prior	2017 and prior		
Kentucky (state)	2014 and prior		2014 and prior	2014 and prior
U.K. (foreign)	2019 and prior			

7. Utility Rate Regulation

Regulatory Assets and Liabilities

(All Registrants)

PPL, PPL Electric, 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 an item will be recovered or refunded within a year of the balance sheet date.

(PPL, 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 and VSCC.

LG&E's and KU's Kentucky base rates are calculated based on recovery of costs as well as 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.

(PPL and KU)

KU's Virginia base rates are calculated based on recovery of costs as well as a return on rate base (net utility plant plus working capital less accumulated deferred income taxes and miscellaneous deductions). As all regulatory assets and liabilities, except for regulatory assets and liabilities related to the levelized fuel factor, accumulated deferred income taxes, pension and postretirement benefits, and AROs related to certain CCR impoundments, are excluded from the return on rate base utilized in the calculation of Virginia base rates, no return is earned on the related assets.

KU's rates to municipal customers for wholesale power requirements are calculated based on annual updates to a formula rate that utilizes a return on rate base (net utility plant plus working capital less accumulated deferred income taxes and miscellaneous deductions). As all regulatory assets and liabilities, except accumulated deferred income taxes, are excluded from the return on rate base utilized in the development of municipal rates, 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	
	2021	2020	2021	2020
Current Regulatory Assets:				
Plant outage costs	$ —	$ 46	$ —	$ —
Gas supply clause	21	4	—	—
Smart meter rider	11	17	11	17
Transmission formula rate	6	15	6	15
Storm costs	—	7	—	7
Fuel adjustment clause	11	—	—	—
Other	15	10	5	1
Total current regulatory assets (a)	$ 64	$ 99	$ 22	$ 40
Noncurrent Regulatory Assets:				
Defined benefit plans	$ 523	$ 570	$ 256	$ 290
Plant outage cost	54	—	—	—
Storm costs	11	17	—	—
Unamortized loss on debt	24	30	4	8
Interest rate swaps	18	23	—	—
Terminated interest rate swaps	70	75	—	—
Accumulated cost of removal of utility plant	228	240	228	240
AROs	302	300	—	—
Other	6	7	—	3
Total noncurrent regulatory assets	$ 1,236	$ 1,262	$ 488	$ 541

	PPL		PPL Electric	
	2021	2020	2021	2020
Current Regulatory Liabilities:				
Generation supply charge	$ 10	$ 21	$ 10	$ 21
Transmission service charge	21	1	21	1
Universal service rider	17	22	17	22
TCJA customer refund	22	11	22	11
Act 129 compliance rider	10	7	10	7
Transmission formula rate return on equity (b)	73	—	73	—
Economic relief billing rate	27	—	—	—
Other	2	17	—	6
Total current regulatory liabilities	$ 182	$ 79	$ 153	$ 68
Noncurrent Regulatory Liabilities:				
Accumulated cost of removal of utility plant	$ 639	$ 653	$ —	$ —
Power purchase agreement - OVEC	35	43	—	—
Net deferred taxes	1,591	1,690	531	560
Defined benefit plans	95	60	28	18
Terminated interest rate swaps	62	66	—	—
Other	—	18	—	—
Total noncurrent regulatory liabilities	$ 2,422	$ 2,530	$ 559	$ 578

	LG&E		KU	
	2021	2020	2021	2020
Current Regulatory Assets:				
Gas supply clause	$ 21	$ 4	$ —	$ —
Fuel adjustment clause	4	—	7	—
Gas line tracker	3	4	—	—
Generation formula rate	—	—	2	2
Plant outage costs	—	12	—	34
Other	5	3	—	—
Total current regulatory assets	$ 33	$ 23	$ 9	$ 36
Noncurrent Regulatory Assets:				
Defined benefit plans	$ 164	$ 174	$ 103	$ 106
Storm costs	8	11	3	6
Unamortized loss on debt	12	13	8	9
Interest rate swaps	18	23	—	—
Terminated interest rate swaps	41	44	29	31
AROs	75	85	227	215
Plant outage costs	15	—	39	—
Other	4	1	2	3
Total noncurrent regulatory assets	$ 337	$ 351	$ 411	$ 370

	LG&E		KU	
	2021	2020	2021	2020
Current Regulatory Liabilities:				
Economic relief billing credit	$ 21	$ —	$ 6	$ —
Fuel adjustment clauses	—	—	—	5
Environmental cost recovery	—	—	—	4
Other	—	—	2	2
Total current regulatory liabilities	$ 21	$ —	$ 8	$ 11
Noncurrent Regulatory Liabilities:				
Accumulated cost of removal of utility plant	$ 262	$ 274	$ 377	$ 379
Power purchase agreement - OVEC	24	30	11	13
Net deferred taxes	491	528	569	602
Defined benefit plans	10	—	57	42
Terminated interest rate swaps	31	33	31	33
Other	—	17	—	1
Total noncurrent regulatory liabilities	$ 818	$ 882	$ 1,045	$ 1,070

(a) For PPL, these amounts are included in "Other current assets" on the Balance Sheets.
(b) See “Regulatory Matters - Federal Matters - PPL Electric Transmission Formula Rate Return on Equity” below for additional information.

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 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 remeasured.

(PPL, LG&E and KU)

As a result of previous rate case settlements and orders, the difference between pension cost calculated in accordance with LG&E's and KU's pension accounting policy and pension cost calculated using a 15-year amortization period for actuarial gains and losses and settlements are recorded as a regulatory asset. As of December 31, 2021, the balances were $98 million for PPL, $54 million for LG&E and $44 million for KU. As of December 31, 2020, the balances were $79 million for PPL, $44 million for LG&E and $35 million for KU.

(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. Storm costs incurred in PPL Electric's territory from a March 2018 storm were amortized through 2021. LG&E's and KU's regulatory assets for storm costs are being amortized through various dates ending in 2031.

Unamortized Loss on Debt

Unamortized loss on reacquired debt represents losses on long-term debt refinanced, 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, through 2042 for KU, and through 2044 for LG&E.

Accumulated Cost of Removal of Utility Plant

LG&E and KU charge 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.

Net Deferred Taxes

Regulatory liabilities associated with net deferred taxes represent the future revenue impact from the adjustment of deferred income taxes required primarily for excess deferred taxes and unamortized investment tax credits, largely a result of the TCJA enacted in 2017.

(PPL and PPL Electric)

Generation Supply Charge (GSC)

The GSC 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, as well as administration of the acquisition process. In addition, the GSC contains a reconciliation mechanism whereby any over- or under-recovery from prior periods is refunded to, or recovered from, customers through the adjustment factor determined for the subsequent rate filing period.

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, as reported in PPL Electric's annual FERC Form 1, filed under the FERC's Uniform System of Accounts. 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 Rider (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 recover any differences from customers. In the 2015 rate case settlement approved by the PUC in November 2015, it was determined that reportable storm damage expenses to be recovered annually through base rates will be set at $20 million. The SDER will recover from or refund to customers the applicable expenses from reportable storms as compared to the $20 million recovered annually through base rates.

Act 129 Compliance Rider

In compliance with Pennsylvania's Act 129 of 2008 and implementing regulations, PPL Electric is currently in Phase IV of the energy efficiency and conservation plan which was approved in March 2021. Phase IV allows PPL Electric to recover the maximum $313 million over the five-year period, June 1, 2021 through May 31, 2026. 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 Phase IV program costs are reconcilable after each 12 month period, and any over- or under-recovery from customers will be refunded or recovered over the next rate filing period. PPL Electric's Act 129 Phase III plan ended May 31, 2021 and any over-or under-recovery from customers related to Phase III will be refunded or recovered over the next rate filing period.

Smart Meter Rider (SMR)

Act 129 requires each electric distribution company (EDC) with more than 100,000 customers to have a PUC approved Smart Meter Technology Procurement and Installation Plan (SMP). As of December 31, 2019, PPL Electric replaced substantially all of its old meters with meters that meet the Act 129 requirements under its SMP. In accordance with Act 129, EDCs are able to recover the costs and earn a return on capital of providing smart metering technology. PPL Electric uses the SMR to recover the costs to implement its SMP. The SMR is a reconciliation mechanism whereby any over- or under-recovery from prior years is refunded to, or recovered from, customers through the adjustment factor determined for the subsequent quarters.

Universal Service Rider (USR)

The USR provides for recovery of costs associated with universal service programs, OnTrack and Winter Relief Assistance Program (WRAP), provided by PPL Electric to residential customers. OnTrack is a special payment program for low-income households and WRAP provides low-income customers a means to reduce electric bills through energy saving methods. The USR rate is applied to residential customers who receive distribution service. The actual program costs are reconcilable, and any over- or under-recovery from customers will be refunded or recovered annually in the subsequent year.

TCJA Customer Refund

As a result of the reduced U.S federal corporate income tax rate as enacted by the TCJA, the PUC ruled that these tax benefits should be refunded to customers. Timing differences between the recognition of these tax benefits and the refund of the benefit to the customer creates a regulatory liability. PPL Electric's liability is being credited back to distribution customers through a temporary negative surcharge and remains in place until PPL Electric files and the PUC approves new base rates. The TCJA is reconcilable, and any over- or under-recovery from customers will be refunded or recovered annually in the subsequent year.

(PPL, 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 electricity 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. The KPSC has authorized return on equity of 9.35% for existing approved ECR projects. 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 or refunded within 12 months.

Fuel Adjustment Clauses

LG&E's and KU's retail electric rates contain a fuel adjustment clause, whereby variances in power purchases and 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 formal reviews 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, may conduct public hearings and 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 and load for the fuel year (12 months ending March 31). The Virginia levelized fuel factor allows fuel recovery based on projected fuel costs for the fuel year plus an adjustment for any under- or over-recovery of fuel expenses from the prior fuel 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 or refunded within 12 months.

Economic Relief Billing Credit

The Economic Relief Billing Credit represents regulatory liabilities to be returned to customers through June 30, 2022, as agreed to in the Kentucky rate case in recognition of the economic impact of COVID-19. See "Regulatory Matters - Kentucky Activities - Rate Case Proceedings" below for additional information.

AROs

As discussed in Note 1, for LG&E and KU, all ARO accretion and depreciation expenses are reclassified as a regulatory asset or regulatory liability. ARO regulatory assets associated with certain CCR projects are amortized to expense in accordance with regulatory approvals. For other AROs, deferred accretion and depreciation expense is recovered through cost of removal.

Power Purchase Agreement - OVEC

As a result of purchase accounting associated with PPL's acquisition of LG&E and KU, the fair values of the OVEC power purchase agreement were recorded on the balance sheets of 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. LG&E's and KU's customer rates continue to reflect the original contracts. See Notes 14 and 19 for additional discussion of the power purchase agreement.

Interest Rate Swaps

LG&E's unrealized gains and losses are recorded as regulatory assets or regulatory liabilities 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 in 2033.

Terminated Interest Rate Swaps

Net realized gains and losses on all interest rate swaps are recovered through regulated rates. As such, any gains and losses on these derivatives are included in regulatory assets or liabilities and are primarily recognized in "Interest Expense" on the Statements of Income over the life of the associated debt.

Plant Outage Costs

From July 1, 2017 through June 30, 2021, plant outage costs in Kentucky were normalized for ratemaking purposes based on an average level of expenses. Plant outage expenses that were greater or less than the average will be collected from or returned to customers, through future base rates. Effective July 1, 2021 under-recovered plant outage costs are being amortized through 2029 for LG&E and KU.

Gas Supply Clause *(PPL and LG&E)*

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 and customer usage from prior periods are adjusted quarterly in LG&E's rates, subject to approval by the KPSC. The gas supply clause also includes a separate natural gas procurement incentive mechanism, which allows LG&E's rates to be adjusted annually to share savings between the actual cost of gas purchases and market indices, with 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 or refunded within 18 months.

Regulatory Matters

Kentucky Activities *(PPL, LG&E and KU)*

Rate Case Proceedings

On November 25, 2020, LG&E and KU filed requests with the KPSC for an increase in annual electricity and gas revenues of approximately $331 million ($131 million and $170 million in electricity revenues at LG&E and KU and $30 million in gas revenues at LG&E). The revenue increases represented an increase of 11.6% and 10.4% in electricity revenues at LG&E and KU, and an increase of 8.3% in gas revenues at LG&E. In recognition of the economic impact of COVID-19, LG&E and KU requested approval of a one-year billing credit which will credit customers approximately $53 million ($41 million at LG&E and $12 million at KU). The billing credit represents the return to customers of certain regulatory liabilities on LG&E’s and KU’s Balance Sheets and serves to partially mitigate the rate increases during the first year in which the new rates are in effect.

LG&E’s and KU’s applications also included a request for a CPCN to deploy Advanced Metering Infrastructure across LG&E’s and KU’s service territories in Kentucky.
The applications were based on a forecasted test year of July 1, 2021 through June 30, 2022 and requested an authorized return on equity of 10.0%.

On April 19, 2021, LG&E and KU entered into an agreement with all intervening parties to the proceedings resolving all matters in their applications, with the explicit exception of LG&E's and KU's net metering proposals.

On June 30, 2021 and December 6, 2021, the KPSC issued orders approving the proposed agreement filed in April 2021, with certain modifications. The orders provided for increases in annual revenues of $207 million ($74 million and $110 million in electricity revenues at LG&E and KU and $23 million in gas revenues at LG&E) based on an authorized return on equity of 9.425%. The orders grant an authorized 9.35% return on equity for the ECR and GLT mechanisms and do not modify the requested one-year billing credit. The orders approved the CPCN to deploy Advanced Metering Infrastructure and provide regulatory asset treatment for the remaining net book value of legacy meters upon full implementation of the Advanced Metering Infrastructure program. The orders also approved the establishment of a Retired Asset Recovery (RAR) rider to provide for recovery of and return on the remaining investment in certain electric generating units upon their retirement over a ten-year period following retirement. In respect of the RAR rider, LG&E and KU continue to use currently approved depreciation rates for Mill Creek Units 1 and 2 and Brown Unit 3. The orders also approved a four-year "stay out" commitment from LG&E and KU to refrain from effective base rate increases before July 1, 2025, subject to certain exceptions. On September 24, 2021, the KPSC issued orders providing adjustments to previous net metering proposals. These adjustments did not impact the annual revenue increases.

Pennsylvania Activities *(PPL and PPL Electric)*

Act 129

Act 129 requires Pennsylvania Electric Distribution Companies (EDCs) to meet, by specified dates, specified goals for reduction in customer electricity usage and peak demand. EDCs not meeting the requirements of Act 129 are subject to significant penalties. PPL Electric filed with the PUC its Act 129 Phase IV Energy Efficiency and Conservation Plan on November 30, 2020, for the five-year period starting June 1, 2021 and ending on May 31, 2026. PPL Electric's Phase IV Act 129 Plan was approved by the PUC at its March 25, 2021, public meeting.

Act 129 also requires EDCs to act as a default service provider (DSP), which provides electricity generation supply service to customers pursuant to a PUC-approved default service procurement plan. A DSP is able to recover the costs associated with its default service procurement plan.

Federal Matters

PPL Electric Transmission Formula Rate Return on Equity (PPL and PPL Electric)

On May 21, 2020, PP&L Industrial Customer Alliance (PPLICA) filed a complaint with the FERC alleging that PPL Electric's base return on equity (ROE) of 11.18% used to determine PPL Electric's formula transmission rate was unjust and unreasonable.

On August 20, 2021, PPL Electric entered into a settlement agreement (the Settlement) with PPLICA and all other parties, including intervenors, with respect to the complaint filed by PPLICA on May 21, 2020.

The key aspects of the Settlement include:

- changes to PPL Electric’s base ROE:
  - beginning as of May 21, 2020 and continuing through May 31, 2022, the ROE shall be 9.90%;
  - beginning on June 1, 2022 and continuing through May 31, 2023, the ROE shall be 9.95%;
  - beginning on June 1, 2023, the ROE shall be 10.00%, which shall continue in effect unless and until changed as permitted by the terms of the Settlement;
- changes the equity component of PPL Electric’s capital structure to be the lower of (i) PPL Electric’s actual equity component, calculated in accordance with the formula rate template, or (ii) 56.00%;
- allows modification of the current rate year of June 1 to May 31 to a calendar year of January 1 to December 31; and
- allows modification of the current formula rate based on a historic test year to a projected test year.

In 2021, PPL Electric recorded a revenue reduction of $78 million ($55 million after-tax), of which $73 million ($52 million after-tax) represents revenue subject to refund for the period May 21, 2020 through November 30, 2021. The reduction recorded includes $28 million ($20 million after-tax) related to the period from May 21, 2020 to December 31, 2020. The $73 million of revenue to be refunded will be returned to customers from January 1, 2022 through May 31, 2022 and is based on the difference between charges that were calculated using the ROE in effect at the time and charges calculated using the revised ROE provided for the Settlement, plus interest at the FERC interest rate.

The FERC approved the Settlement on November 5, 2021. Interim rates reflecting the agreed-to-base ROE in the Settlement were effective December 1, 2021.

(PPL, LG&E and KU)

FERC Transmission Rate Filing

In 2018, LG&E and KU applied to the FERC requesting elimination of certain on-going credits to a sub-set of transmission customers relating to the 1998 merger of LG&E's and KU's parent entities and the 2006 withdrawal of LG&E and KU from the Midcontinent Independent System Operator, Inc. (MISO), a regional transmission operator and energy market. The application sought termination of LG&E's and KU's commitment to provide certain Kentucky municipalities mitigation for certain horizontal market power concerns arising out of the 1998 LG&E and KU merger and 2006 MISO withdrawal. The amounts at issue are generally waivers or credits granted to a limited number of Kentucky municipalities for either certain LG&E and KU or MISO transmission charges incurred for transmission service received. In 2019, the FERC granted LG&E's and KU's request to remove the ongoing credits, conditioned upon the implementation by LG&E and KU of a transition mechanism for certain existing power supply arrangements, which was subsequently filed, modified, and approved by the FERC in 2020 and 2021. In 2020, LG&E and KU and other parties filed appeals with the D.C. Circuit Court of Appeals regarding FERC's orders on the elimination of the mitigation and required transition mechanism. Oral arguments in the appellate proceeding occurred on February 14, 2022. LG&E and KU cannot predict the outcome of the respective appellate and FERC proceedings. LG&E and KU currently receive recovery of the waivers and credits provided through other rate mechanisms and such rate recovery would be anticipated to be adjusted consistent with potential changes or terminations of the waivers and credits, as such become effective.

Other

Purchase of Receivables Program

(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. Accounts receivable that are acquired are initially recorded at fair value on the date of acquisition. During 2021, 2020 and 2019, PPL Electric purchased $1.2 billion, $1.1 billion and $1.2 billion of accounts receivable from alternative suppliers.

8. 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, LG&E and KU also apply to PPL. The amounts listed in the borrowed column below are recorded as "Short-term debt" on the Balance Sheets except for borrowings under PPL Capital Funding's term loan agreement due March 2022, which are reflected in "Long-term debt" at December 31, 2020. The following credit facilities were in place at:

		December 31, 2021				December 31, 2020	
	Expiration Date	Capacity	Borrowed	Letters of Credit and Commercial Paper Issued	Unused Capacity	Borrowed	Letters of Credit and Commercial Paper Issued
PPL							
PPL Capital Funding							
Syndicated Credit Facility (a) (b)	Dec 2026	$ 1,250	$ —	$ —	$ 1,250	$ —	$ 402
Bilateral Credit Facility (a) (b)	Mar 2022	50	—	—	50	—	—
Bilateral Credit Facility (a) (b)	Mar 2022	50	—	15	35	—	15
Term Loan Credit Facility (a) (b)	Mar 2021	—	—	—	—	200	—
Term Loan Credit Facility (a) (b)	Mar 2021	—	—	—	—	100	—
Term Loan Credit Facility (a) (b)	Mar 2022	—	—	—	—	100	—
Total PPL Capital Funding Credit Facilities		$ 1,350	$ —	$ 15	$ 1,335	$ 400	$ 417
PPL Electric							
Syndicated Credit Facility (a) (b)	Dec 2026	$ 650	$ —	$ 1	$ 649	$ —	$ 1
LG&E							
Syndicated Credit Facility (a) (b)	Dec 2026	$ 500	$ —	$ 69	$ 431	$ —	$ 262
KU							
Syndicated Credit Facility (a) (b)	Dec 2026	$ 400	$ —	$ —	$ 400	$ —	$ 203

(a) Each company pays customary fees under its respective facility and borrowings generally bear interest at LIBOR-based rates plus an applicable margin.
(b) The facilities contain a financial covenant requiring debt to total capitalization not to exceed 70% for PPL Capital Funding, PPL Electric, LG&E and KU, as calculated in accordance with the facilities and other customary covenants. Additionally, subject to certain conditions, PPL Capital Funding may request that the capacity of one of its bilateral credit facilities expiring in March 2022 be increased by up to $30 million and PPL Capital Funding, PPL Electric, LG&E and KU may each request up to a $250 million increase in its syndicated credit facility's capacity. Participation in any such increase is at the sole discretion of each lender.

(PPL)

In December 2021, PPL Capital Funding amended and restated its existing $1.450 billion revolving credit facility to extend the termination date from January 26, 2024 to December 6, 2026, to decrease the borrowing capacity to $1.250 billion and to provide for the option to add Narragansett Electric as an additional borrower upon acquisition by PPL Rhode Island Holdings, LLC.

(PPL and PPL Electric)

In December 2021, PPL Electric Utilities Corporation amended and restated its existing $650 million revolving credit facility to extend the termination date from January 26, 2024 to December 6, 2026.

(PPL and LG&E)

In December 2021, LG&E amended and restated its existing $500 million revolving credit facility to extend the termination date from January 26, 2024 to December 6, 2026.

(PPL and KU)

In December 2021, KU amended and restated its existing $400 million revolving credit facility to extend the termination date from January 26, 2024 to December 6, 2026.

(All Registrants)

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

	December 31, 2021				December 31, 2020	
	Weighted - Average Interest Rate	Capacity	Commercial Paper Issuances	Unused Capacity	Weighted - Average Interest Rate	Commercial Paper Issuances
PPL Capital Funding		$ 1,500	$ —	$ 1,500	0.25%	$ 402
PPL Electric		650	—	650		—
LG&E (a)	0.31%	425	69	356	0.28%	262
KU		350	—	350	0.28%	203
Total		$ 2,925	$ 69	$ 2,856		$ 867

(a) In March 2021, the capacity for the LG&E commercial paper program was increased from $350 million to $425 million.

(PPL Electric, LG&E and KU)

See Note 15 for a discussion of intercompany borrowings.

Long-term Debt *(All Registrants)*

	Weighted-Average Rate (d)	Maturities (d)	December 31, 2021	December 31, 2020
PPL				
Senior Unsecured Notes	3.81 %	2026 - 2047	$ 1,566	$ 4,850
Senior Secured Notes/First Mortgage Bonds (a) (b) (c)	3.59 %	2022 - 2050	9,205	8,955
Junior Subordinated Notes	2.89 %	2067	480	930
Term Loan Credit Facility			—	100
Total Long-term Debt before adjustments			11,251	14,835
Unamortized premium and (discount), net			(34)	(40)
Unamortized debt issuance costs			(77)	(106)
Total Long-term Debt			11,140	14,689
Less current portion of Long-term Debt			474	1,074
Total Long-term Debt, noncurrent			$ 10,666	$ 13,615

	Weighted-Average Rate (d)	Maturities (d)	December 31, 2021	December 31, 2020
PPL Electric				
Senior Secured Notes/First Mortgage Bonds (a) (b)	3.37 %	2022 - 2049	$ 4,539	$ 4,289
Total Long-term Debt Before Adjustments			4,539	4,289
Unamortized discount			(22)	(23)
Unamortized debt issuance costs			(33)	(30)
Total Long-term Debt			4,484	4,236
Less current portion of Long-term Debt			474	400
Total Long-term Debt, noncurrent			$ 4,010	$ 3,836
LG&E				
First Mortgage Bonds (a) (c)	3.59 %	2025 - 2049	$ 2,024	$ 2,024
Total Long-term Debt Before Adjustments			2,024	2,024
Unamortized discount			(4)	(4)
Unamortized debt issuance costs			(14)	(13)
Total Long-term Debt			2,006	2,007
Less current portion of Long-term Debt			—	292
Total Long-term Debt, noncurrent			$ 2,006	$ 1,715
KU				
First Mortgage Bonds (a) (c)	3.97 %	2023 - 2050	$ 2,642	$ 2,642
Total Long-term Debt Before Adjustments			2,642	2,642
Unamortized premium			5	5
Unamortized discount			(9)	(9)
Unamortized debt issuance costs			(20)	(20)
Total Long-term Debt			2,618	2,618
Less current portion of Long-term Debt			—	132
Total Long-term Debt, noncurrent			$ 2,618	$ 2,486

(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 of PPL Electric’s tangible distribution properties and certain of its tangible transmission properties located in Pennsylvania, subject to certain exceptions and exclusions. The carrying value of PPL Electric's property, plant and equipment was approximately $11.3 billion and $10.8 billion at December 31, 2021 and 2020.

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 $5.7 billion and $5.5 billion at December 31, 2021 and 2020.

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 $6.9 billion and $6.7 billion at December 31, 2021 and 2020.

(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 of which PPL Electric is allowed to convert the interest rate mode on the bonds from time to time to a commercial paper rate, daily rate, weekly rate, or term rate of at least one year and $90 million which is 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.

Includes $250 million of notes that may be called on or after September 28, 2021 and $650 million of notes that may be called on or after June 24, 2022, at a redemption price equal to 100% of the principal amount of the bonds, plus accrued and unpaid interest to, but excluding, such redemption date.

(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, 2021, the aggregate tax-exempt revenue bonds issued on behalf of LG&E and KU that were in a term rate mode totaled $782 million for PPL, comprised of $473 million and $309 million for LG&E and KU. At December 31, 2021, the aggregate tax-exempt revenue bonds issued on behalf of LG&E and KU that were in a variable rate mode totaled $66 million and $33 million for LG&E and KU. These variable rate tax-exempt revenue bonds 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) The table reflects principal maturities only, based on stated maturities or earlier put dates, and the weighted-average rates as of December 31, 2021.

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 2022 through 2026 and thereafter are as follows:

	PPL	PPL Electric	LG&E	KU
2022	$ 474	$ 474	$ —	$ —
2023	353	340	—	13
2024	650	650	—	—
2025	550	—	300	250
2026	904	—	90	164
Thereafter	8,320	3,075	1,634	2,215
Total	$ 11,251	$ 4,539	$ 2,024	$ 2,642

(PPL)

In April 2021, PPL Capital Funding repaid its $100 million term loan expiring in March 2022.

In June 2021, PPL Capital Funding commenced a tender offer to purchase for cash and retire (1) any and all of its outstanding 4.20% Senior Notes due 2022, 3.50% Senior Notes due 2022, 3.40% Senior Notes due 2023 and 3.95% Senior Notes due 2024 and (2) up to $1 billion aggregate purchase price of its outstanding 4.70% Senior Notes due 2043, 5.00% Senior Notes due 2044, 4.00% Senior Notes due 2047, 4.125% Senior Notes due 2030 and 3.10% Senior Notes due 2026.

In June 2021, in connection with the tender offer, PPL Capital Funding retired $1,962 million combined aggregate principal amount of its outstanding Senior Notes for $2,293 million aggregate cash purchase price that included the tender premium and accrued interest. These Senior Notes had a weighted average interest rate of 4.14%. The loss on extinguishment associated with the transaction was $322 million, which included the tender premium, bank fees and unamortized fees, hedges and discounts. This loss on extinguishment was recorded to "Interest Expense" on the Statements of Income.

In July 2021, PPL Capital Funding redeemed the remaining $1,072 million combined aggregate principal amount of its outstanding 4.20% Senior Notes due 2022, 3.50% Senior Notes due 2022, 3.40% Senior Notes due 2023 and 3.95% Senior Notes due 2024 that had not been validly tendered for an aggregate cash purchase price of $1,133 million, which included make-whole premiums and accrued interest. These Senior Notes had a weighted average interest rate of 3.71%. The loss on extinguishment associated with the transaction was $58 million, which included make-whole premiums, unamortized fees, hedges and discounts. PPL Capital Funding also redeemed its $450 million of 5.90% Junior Subordinated Notes due in 2073 at par. The loss on extinguishment associated with this transaction was $15 million, which included unamortized fees.

In July 2021, LKE redeemed at par the $250 million 4.375% Senior Notes due 2021.

PPL has guaranteed PPL Capital Funding's obligations under the credit agreement and notes.

(PPL and PPL Electric)

In June 2021, PPL Electric issued $650 million of First Mortgage Bonds, Floating Rate Series due 2024. PPL Electric received proceeds of $647 million, net of underwriting fees, which were used to redeem its $400 million outstanding First Mortgage Bonds, 3% Series due 2021 in July 2021 and for general corporate purposes.

(PPL and LG&E)

In April 2021, the Louisville/Jefferson County Metro Government of Kentucky remarketed $128 million of Pollution Control Revenue Bonds, 2003 Series A due 2033 previously issued on behalf of LG&E. The bonds were remarketed at a long-term rate and will bear interest at 2.00% through their maturity date of October 1, 2033.

In May 2021, the County of Trimble, Kentucky remarketed $35 million of Pollution Control Revenue Bonds, 2001 Series B due 2027 previously issued on behalf of LG&E. The bonds were remarketed at a long-term rate and will bear interest at 1.35% through their maturity date of November 1, 2027.

In May 2021, the Louisville/Jefferson County Metro Government of Kentucky remarketed $35 million of Pollution Control Revenue Bonds, 2001 Series B due 2027 previously issued on behalf of LG&E. The bonds were remarketed at a long-term rate and will bear interest at 1.35% through their maturity date of November 1, 2027.

In June 2021, LG&E converted the $31 million of Louisville/Jefferson County Metro Government of Kentucky Environmental Facilities Revenue Refunding Bonds, 2007 Series A issued on its behalf to a weekly interest rate. The bonds mature on June 1, 2033.

In June 2021, LG&E converted the $35 million of Louisville/Jefferson County Metro Government, of Kentucky Environmental Facilities Revenue Refunding Bonds, 2007 Series B issued on its behalf to a weekly interest rate. The bonds mature on June 1, 2033.

In September 2021, the County of Trimble, Kentucky remarketed $28 million of Pollution Control Revenue Bonds, 2001 Series A due 2026, previously issued on behalf of LG&E. The bonds were remarketed at a long-term rate and will bear interest at 0.625% through their maturity date of September 1, 2026.

(PPL and KU)

In June 2021, the County of Carroll, Kentucky remarketed $54 million of Environmental Facilities Revenue Refunding Bonds, 2006 Series B due 2034 previously issued on behalf of KU. The bonds were remarketed at a long-term rate and will bear interest at 2.125% though their maturity date of October 1, 2034.

In June 2021, the County of Carroll, Kentucky remarketed $78 million of Environmental Facilities Revenue Bonds 2008 Series A due 2032 previously issued on behalf of KU. The bonds were remarketed at a long-term rate and will bear interest at 2.00% through their maturity date of February 1, 2032.

See Note 15 for additional 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 are each separate legal entities. These subsidiaries are not liable for the debts of PPL Electric. Accordingly, creditors of PPL Electric may not satisfy its debts from the assets of its subsidiaries absent a specific contractual undertaking by a subsidiary to pay the creditors or as required by applicable law or regulation. Similarly, PPL Electric is not liable for the debts of its subsidiaries, nor are its subsidiaries liable for the debts of one another. Accordingly, creditors of these subsidiaries may not satisfy their debts from the assets of PPL Electric (or its other subsidiaries) absent a specific contractual undertaking by PPL Electric or any such other subsidiary to pay such creditors or as required by applicable law or regulation.

(PPL)

Equity Securities

Share Repurchases

In August 2021, PPL's Board of Directors authorized share repurchases of up to $3 billion of PPL common shares. The actual amount repurchased will depend on various factors, including PPL’s share price, market conditions, and the determination of other uses for the proceeds from the sale of the U.K. utility business, including for incremental capital expenditures. PPL may purchase shares on each trading day subject to market conditions and principles of best execution.

During the year ended December 31, 2021, PPL repurchased 34.8 million shares at a cost of $1.0 billion. Commission fees incurred, which have been included in the cost of repurchases above, were insignificant through December 31, 2021.

ATM Program

In February 2018, PPL entered into an equity distribution agreement, pursuant to which PPL may sell, from time to time, up to an aggregate of $1.0 billion of its common stock through an at-the-market offering program, including a forward sales component. The compensation paid to the selling agents by PPL may be up to 2% of the gross offering proceeds of the shares. There were no issuances under the ATM program for the twelve months ended December 31, 2021 and 2020. The ATM program expired in February 2021.

Distributions and Related Restrictions

In November 2021, PPL declared its quarterly common stock dividend, payable January 3, 2022, at 41.50 cents per share (equivalent to $1.66 per annum). On February 18, 2022, PPL announced a quarterly common stock dividend of 20.00 cents per share, payable April 1, 2022, to shareowners of record as of March 10, 2022. Future dividends will be declared at the discretion of the Board of Directors and will depend upon future earnings, cash flows, financial and legal requirements and other factors.

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. At December 31, 2021, no interest payments were deferred.

(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. 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 PPL's 2010 acquisition of LG&E and KU. In May 2012, the 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, 2021, net assets of $1.4 billion for LG&E and $1.9 billion for KU were restricted for purposes of paying dividends to LKE, and net assets of $1.7 billion for LG&E and $2.0 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.

9. Acquisitions, Development and Divestitures

(PPL)

Discontinued Operations

Sale of the U.K. Utility Business

On March 17, 2021, PPL WPD Limited (WPD Limited) entered into a share purchase agreement (WPD SPA) to sell PPL's U.K. utility business to National Grid Holdings One plc (National Grid U.K.), a subsidiary of National Grid plc. Pursuant to the WPD SPA, National Grid U.K. would acquire 100% of the issued share capital of PPL WPD Investments Limited (WPD Investments) for £7.8 billion in cash. WPD Limited would also receive an additional amount of £548,000 for each day during the period from January 1, 2021 to the closing date if the dividends usually declared by WPD Investments to WPD Limited were not paid for that period.

On June 14, 2021, the sale of the U.K. utility business was completed. The transaction resulted in cash proceeds of $10.7 billion inclusive of foreign currency hedges executed by PPL. PPL received net proceeds, after taxes and fees, of $10.4 billion.

WPD Limited and National Grid U.K. each made customary representations and warranties in the WPD SPA. National Grid U.K., at its expense, purchased warranty and indemnity insurance. WPD Limited agreed to indemnify National Grid U.K. for certain tax related matters. See Note 14 for additional information. PPL has not had and will not have any significant involvement with the U.K. utility business after completion of the sale.

Loss on Sale

The following table summarizes the pre-tax loss recorded upon completion of the sale.

	Loss on sale for the year ended December 31, 2021
Sales proceeds, net of realized foreign currency hedge losses (a)	$ 10,732
Unrealized foreign currency hedge losses recognized in 2020	125
Less: Costs to sell (b)	69
Less: Carrying value (c)	12,397
Loss on sale	$ (1,609)

(a) Includes the fixed and additional consideration of £7,881 million specified in the WPD SPA, converted at a spot rate of $1.4107 per GBP, offset by $386 million of realized foreign currency hedge losses to hedge the proceeds from the sale.
(b) Includes bank advisory, legal and accounting fees to facilitate the transaction.
(c) Represents the carrying value of the U.K. utility business at the time of sale and includes the realization of AOCI of $3.6 billion, which arose primarily from currency translation adjustments and defined benefit plans associated with the U.K. utility business.

Summarized Results of Discontinued Operations

The operations of the U.K. utility business 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 years ended December 31:

	2021	2020	2019
Operating Revenues	$ 1,344	$ 2,133	$ 2,167
Operating Expenses	467	916	853
Other Income (Expense) - net	202	167	295
Interest Expense (a)	209	367	373
Income before income taxes	870	1,017	1,236
Loss on sale	(1,609)	—	—
Income Taxes	759	188	226
Income (Loss) from Discontinued Operations (net of income taxes)	$ (1,498)	$ 829	$ 1,010

(a) No interest from corporate level debt was allocated to discontinued operations.

Summarized Assets and Liabilities Held for Sale

The following major classes of assets and liabilities of the U.K. utility business were reclassified on PPL's Balance Sheet to "Current assets held for sale" and "Current liabilities held for sale" as of December 31, 2020:

	Held for Sale at December 31, 2020
Cash and cash equivalents	$ 266
Accounts receivable and unbilled revenues	389
Price risk management assets	146
Property, plant and equipment, net (a)	14,392
Goodwill	2,558
Other intangibles	413
Pension benefit asset	682
Other assets	137
Total Assets	$ 18,983
Short-term debt and long-term debt due within one year	$ 994
Accounts payable	220
Customer deposits	217
Accrued interest	190
Long-term debt	7,938
Total deferred income taxes	1,032
Price risk management liabilities	137
Other deferred credits and liabilities	295
Total Liabilities	$ 11,023
Net assets (b)	$ 7,960

(a) Depreciation of fixed assets ceased upon classification as held for sale in the first quarter of 2021.
(b) The net assets and liabilities held for sale exclude $4.0 billion of AOCI related to the U.K. utility business that is required to be included in the carrying value of an entity classified as held for sale when assessing impairment and determining the gain or loss on sale. Prior to the sale, AOCI related to the U.K. utility business was reported as a component of PPL's equity.

Acquisitions

Share Purchase Agreement to Acquire Narragansett Electric

On March 17, 2021, PPL and its subsidiary, PPL Energy Holdings, entered into a share purchase agreement (Narragansett SPA) with National Grid USA (National Grid U.S.), a subsidiary of National Grid plc, to acquire 100% of the outstanding shares of common stock of Narragansett Electric for approximately $3.8 billion in cash. On May 3, 2021, an Assignment and Assumption Agreement was entered into by PPL, PPL Energy Holdings, PPL Rhode Island Holdings and National Grid U.S. whereby certain interests of PPL Energy Holdings in the Narragansett SPA were assigned to and assumed by PPL Rhode Island Holdings. Pursuant to that Assignment and Assumption Agreement, PPL Rhode Island Holdings became the purchasing entity under the Narragansett SPA. The acquisition is expected to be funded with proceeds from the sale of the U.K. utility business. PPL has agreed to guarantee all obligations of PPL Energy Holdings and PPL Rhode Island Holdings under the Narragansett SPA and the related Assignment and Assumption Agreement.

The closing of the acquisition is subject to the receipt of certain U.S. regulatory approvals or waivers, including, among others, authorizations or waivers from the Rhode Island Division of Public Utilities and Carriers, the Massachusetts Department of Public Utilities, the Federal Communications Commission (FCC), and the FERC, as well as review under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and other customary conditions to closing, including the execution and delivery of certain related transaction documents. The waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with respect to the acquisition, expired on June 2, 2021. On July 14, 2021, the FCC consented to the Transfer of Control Application for the transfer of control of certain communications licenses held by Narragansett Electric from National Grid U.S. to PPL. On July 16, 2021, the Massachusetts Department of Public Utilities (MDPU) granted a waiver of jurisdiction with respect to the acquisition, finding that the acquisition would not adversely impact Massachusetts ratepayers. On December 3, 2021, the MPDU denied the request by the Attorney General of Massachusetts (AG) to stay the order granting the waiver, and on December 31, 2021, the AG then moved for the Massachusetts Supreme Judicial Court (SJC) to stay the final MDPU order. That request remains pending. If a stay is issued, PPL would not be able to close the acquisition until any stay is lifted or the appeal is resolved. On September 23, 2021, the FERC issued an order authorizing, as consistent with the public interest, the disposition of jurisdictional facilities that will result in PPL Rhode Island Holdings, LLC, acquiring 100% of the outstanding shares of common stock of Narragansett Electric. The regulatory approvals remain subject to any applicable appeal periods. PPL anticipates receiving a final order from the Rhode Island Division of Public Utilities and Carriers with respect to the acquisition by March 2022, however, no assurance can be given as to ultimate outcome of that review or the timing of any final decision.

PPL Energy Holdings and PPL Rhode Island Holdings and National Grid U.S. have each made customary representations, warranties and covenants in the Narragansett SPA, including, among others, customary indemnification provisions and covenants by National Grid U.S. to conduct the Narragansett Electric business in the ordinary course between the execution of the Narragansett SPA and the closing of the acquisition. The consummation of the transaction is not subject to a financing condition.

In connection with the acquisition, National Grid U.S. and one or more of its subsidiaries and Narragansett Electric will enter into a transition services agreement, pursuant to which National Grid U.S. and/or one or more of its affiliates will agree to provide certain transition services to Narragansett Electric and its affiliates to facilitate the operation of Narragansett Electric following the consummation of the acquisition and the transition of operations to PPL, as agreed upon in the Narragansett SPA.

10. Leases

(All Registrants)

The Registrants determine whether contractual arrangements contain a lease by evaluating whether those arrangements either implicitly or explicitly identify an asset, whether the Registrants have the right to obtain substantially all of the economic benefits from use of the asset throughout the term of the arrangement, and whether the Registrants have the right to direct the use of the asset. Renewal options are included in the lease term if it is reasonably certain the Registrants will exercise those options. Periods for which the Registrants are reasonably certain not to exercise termination options are also included in the lease term. The Registrants have certain agreements with lease and non-lease components, such as office space leases, which are generally accounted for separately.

LG&E and KU have entered into various operating leases primarily for office space, vehicles and railcars. The leases generally have fixed payments with expiration dates ranging from 2022 to 2033, some of which have options to extend the leases from one year to ten years and some have options to terminate at LG&E's and KU's discretion.

PPL has also entered into various operating leases primarily for office and warehouse space. These leases generally have fixed payments with expiration dates ranging from 2024 through 2030.

PPL Electric also has operating leases which do not have a significant impact to its operations.

Short-term Leases

Short-term leases are leases with a term that is 12 months or less and do not include a purchase option or option to extend the initial term of the lease to greater than 12 months that the Registrants are reasonably certain to exercise. The Registrants have made an accounting policy election to not recognize the right-of-use asset and the lease liability arising from leases classified as short-term. Expenses related to short-term leases are included in the tables below.

Discount Rate

The discount rate for a lease is the rate implicit in the lease unless that rate cannot be readily determined. In that case, the Registrants are required to use their incremental borrowing rate, which is the rate the Registrants would have to pay to borrow, on a collateralized basis over a similar term, an amount equal to the lease payments in a similar economic environment.

The Registrants receive secured borrowing rates from financial institutions based on their applicable credit profiles. The Registrants use the secured rate which corresponds with the term of the applicable lease.

(PPL, LG&E and KU)

Lessee Transactions

The following table provides the components of lease cost for the Registrants' operating leases for the years ended December 31:

	2021	2020	2019
PPL			
Lease cost:			
Operating lease cost	$ 24	$ 28	$ 30
Short-term lease cost	6	7	5
Total lease cost	$ 30	$ 35	$ 35
LG&E			
Lease cost:			
Operating lease cost	$ 6	$ 8	$ 12
Short-term lease cost	1	1	1
Total lease cost	$ 7	$ 9	$ 13
KU			
Lease cost:			
Operating lease cost	$ 10	$ 13	$ 13
Short-term lease cost	1	1	1
Total lease cost	$ 11	$ 14	$ 14

The following table provides other key information related to the Registrants' operating leases at December 31:

	2021	2020	2019
PPL			
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 23	$ 24	$ 26
Right-of-use asset obtained in exchange for new operating lease liabilities	12	17	45
LG&E			
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 6	$ 7	$ 9
Right-of-use asset obtained in exchange for new operating lease liabilities	4	6	5
KU			
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 10	$ 11	$ 11
Right-of-use asset obtained in exchange for new operating lease liabilities	7	9	11

The following table provides the total future minimum rental payments for operating leases, as well as a reconciliation of these undiscounted cash flows to the lease liabilities recognized on the Balance Sheets as of December 31, 2021.

	PPL	LG&E	KU
2022	$ 23	$ 6	$ 10
2023	20	5	8
2024	15	4	6
2025	8	3	4
2026	3	1	1
Thereafter	5	1	1
Total	$ 74	$ 20	$ 30
Weighted-average discount rate	3.38%	3.48%	3.67%
Weighted-average remaining lease term (in years)	4	4	4
Current lease liabilities (a)	$ 22	$ 6	$ 9
Non-current lease liabilities (a)	47	12	17
Right-of-use assets (b)	62	15	24

(a) Current lease liabilities are included in "Other Current Liabilities" on the Balance Sheets. Non-current lease liabilities are included in "Other deferred credits and noncurrent liabilities" on the Balance Sheets. The difference between the total future minimum lease payments and the recorded lease liabilities is due to the impact of discounting.
(b) Right-of-use assets are included in "Other noncurrent assets" on the Balance Sheets.

Lessor Transactions

Third parties leased land from LG&E and KU at certain generation plants to produce refined coal used to generate electricity. The leases were operating leases and expired in 2021. Payments were allocated among lease and non-lease components as stated in the agreements. Lease payments were fixed or determined based on the amount of refined coal used in electricity generation at the facility. Payments received were primarily recorded as a regulatory liability and amortized in accordance with regulatory approvals.

The following table shows the lease income recognized for the years ended December 31:

	PPL	LG&E	KU
Lease income recognized for the twelve months ended December 31, 2021	$ 11	$ 5	$ 5
Lease income recognized for the twelve months ended December 31, 2020	16	6	9
Lease income recognized for the twelve months ended December 31, 2019	14	5	8

11. Stock-Based Compensation

(PPL and PPL Electric)

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 and other affiliated companies. Awards under the Plans are made by the Compensation Committee 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)	Annual Grant Limit For Individual Participants - Performance Based Awards: For awards denominated in cash (in dollars)
SIP	15,000,000		2,000,000	750,000	$ 15,000,000
ICPKE	14,199,796	2 %	3,000,000		

Any portion of these awards that has not been granted may be carried over and used in any subsequent year. If any award lapses, the rights of the participant terminate, or, with respect to certain awards, is forfeited, and 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 Units

Restricted stock units represent the right to receive shares of PPL common stock in the future, generally three years after the date of grant, in an amount based on the fair value of PPL common stock on the date of grant.

Under the SIP, each restricted stock unit entitles the grant recipient 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 ICPKE are currently paid in cash when dividends are declared by PPL.

The fair value of restricted stock units granted is recognized on a straight-line basis over the restriction period or through the date at which the employee reaches retirement eligibility. The fair value of 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 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 units fully, in certain situations, as defined by each of the Plans.

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

	2021	2020	2019
PPL	$ 28.00	$ 35.30	$ 31.95
PPL Electric	27.96	35.37	32.33

Restricted stock unit activity for 2021 was:

	Restricted Shares/Units	Weighted-Average Grant Date Fair Value Per Share
PPL		
Nonvested, beginning of period	896,336	$ 32.56
Granted	458,610	28.00
Vested	(303,890)	30.57
Forfeited	(46,473)	30.23
Nonvested, end of period	1,004,583	31.19
PPL Electric		
Nonvested, beginning of period	210,720	$ 32.73
Transfer between registrants	(92,596)	32.99
Granted	51,587	27.96
Vested	(32,266)	29.98
Forfeited	(6,158)	32.16
Nonvested, end of period	131,287	31.50

Substantially all restricted stock unit awards are expected to vest.

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

	2021	2020	2019
PPL	$ 8	$ 19	$ 13
PPL Electric	1	3	2

Performance Units - Total Shareowner Return

Performance units based on relative Total Shareowner Return (TSR) 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 TSR during a three-year performance period. At the end of the period, payout is determined by comparing PPL's performance to the TSR of the companies included in the PHLX Utility Sector 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 year's 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 Compensation Committee's determination of achievement of the performance goals. Under the plan provisions, TSR performance units are subject to forfeiture upon termination of employment other than retirement, one year or more from commencement of the performance period, disability or death of an employee.

The fair value of TSR 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 with no proration. 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. If an employee retires before the one-year vesting period, the performance units are forfeited. 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:

	2021	2020	2019
Expected stock volatility	27.81%	15.64%	17.57%
Expected life	3 years	3 years	3 years

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

	2021	2020	2019
PPL	$ 32.44	$ 37.63	$ 35.83
PPL Electric	32.92	38.64	35.68

TSR performance unit activity for 2021 was:

	TSR Performance Units	Weighted-Average Grant Date Fair Value Per Share
PPL		
Nonvested, beginning of period	626,254	$ 36.98
Granted	306,009	32.44
Vested	(53,340)	34.47
Forfeited (a)	(245,150)	37.75
Nonvested, end of period	633,773	34.68

	TSR Performance Units	Weighted-Average Grant Date Fair Value Per Share
PPL Electric		
Nonvested, beginning of period	61,807	$ 37.44
Transfer between registrants	(53,663)	37.42
Granted	10,010	32.92
Forfeited (a)	(2,800)	38.47
Nonvested, end of period	15,354	34.36

(a) Primarily related to the forfeiture of 2018 domestic performance units as performance during the period was below the minimum established performance threshold, which resulted in no payout.

For the year ended December 31, 2021, $2 million of TSR performance units vested. All awards vested were associated with the sale of the U.K. utility business. See Note 9 for additional information on the sale of the U.K. utility business. No TSR performance units vested for the years ended December 31, 2020 and 2019. Amounts for PPL Electric are insignificant.

Performance Units - Return on Equity

Beginning in 2017, PPL changed its executive compensation mix to add performance units based on achievement of a corporate Return on Equity (ROE). ROE performance units are intended to further align compensation with the company's strategy and reward for future corporate performance.

Payout of these performance units will be based on the calculated average of the annual corporate ROE for each year of the three-year performance period for PPL Corporation. In light of the transformational nature of the potential sale of the U.K. utility business in 2021, PPL's ROE-based performance units issued for 2021 were based on a one-year performance period from January 1, 2021 to December 31, 2021; however, these units retained the three year vesting schedule and other characteristics. ROE 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 ROE performance goal. ROE performance units 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 Compensation Committee's determination of achievement of the performance goals. Under the plan provisions, these performance units are subject to forfeiture upon termination of employment other than retirement, disability or death of an employee.

The fair value of each ROE performance unit is based on the closing price of PPL Common Stock on the date of grant. The fair value of ROE performance units 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 awards granted to retirement-eligible employees is recognized as compensation expense immediately upon the date of grant. As these awards are based on performance conditions, the level of attainment is monitored each reporting period and compensation expense is adjusted based on the expected attainment level.

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

	2021	2020	2019
PPL	$ 30.08	$ 34.95	$ 30.89
PPL Electric	29.39	35.59	30.76

ROE performance unit activity for 2021 was:

	ROE Performance Unit	Weighted-Average Grant Date Fair Value Per Share
PPL		
Nonvested, beginning of period	728,664	$ 32.81
Granted	572,571	30.08
Vested	(570,722)	32.02
Forfeited	(8,160)	30.44
Nonvested, end of period	722,353	31.28
PPL Electric		
Nonvested, beginning of period	61,807	$ 33.01
Transfer between registrants	(53,663)	33.00
Granted	12,895	29.39
Vested	(5,685)	32.27
Nonvested, end of period	15,354	30.27

The total fair value of ROE performance units vesting for the years ended December 31 was:

	2021	2020
PPL	$ 16	$ 8
PPL Electric	—	1

Stock Options

PPL's Compensation, Governance and Nominating Committee, now known as the Compensation Committee, eliminated the use of stock options due to changes in its long-term incentive mix 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, 2021, are fully vested. All options expire no later than 10 years from the grant date. The options become exercisable immediately in certain situations, as defined by each of the Plans.

Stock option activity for 2021 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	1,103,016	$ 26.22		
Exercised	(337,014)	25.42		
Outstanding and exercisable at end of period	766,002	26.57	1	$ 3

For 2021, 2020 and 2019, PPL received $10 million, $8 million and $53 million in cash from stock options exercised. The total intrinsic value of stock options exercised was insignificant in 2021 and 2020 and $11 million in 2019. The related income tax benefits realized were not significant.

Compensation Expense

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

	2021	2020	2019
PPL	$ 34	$ 28	$ 35
PPL Electric	11	10	12

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

	2021	2020	2019
PPL	$ 10	$ 8	$ 10
PPL Electric	3	3	3

At December 31, 2021, unrecognized compensation expense related to nonvested stock awards was:

	Unrecognized Compensation Expense	Weighted-Average Period for Recognition
PPL	$ 19	1.7
PPL Electric	2	1.8

12. Retirement and Postemployment Benefits

(All Registrants)

Defined Benefits

Certain employees of PPL's subsidiaries 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. The pension plans sponsored by LKE and LG&E were merged effective January 1, 2020 into the LG&E and KU Pension Plan. The merged plan is sponsored by LKE. LG&E and KU participate in this plan.

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

Certain employees of PPL's 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 Pension Plan within the PPL Services Corporation Master Trust, funded VEBA trusts and company funds.

(PPL)

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

	Pension Benefits			Other Postretirement Benefits		
	2021	2020	2019	2021	2020	2019
Net periodic defined benefit costs (credits):						
Service cost	$ 56	$ 56	$ 50	$ 6	$ 6	$ 6
Interest cost	121	146	164	16	19	22
Expected return on plan assets	(255)	(246)	(245)	(23)	(21)	(18)
Amortization of:						
Prior service cost (credit)	8	9	8	1	1	(1)
Actuarial (gain) loss	93	89	56	(1)	—	1
Net periodic defined benefit costs (credits) prior to settlements and termination benefits	23	54	33	(1)	5	10
Settlements (a)	18	23	1	—	—	—
Net periodic defined benefit costs (credits)	$ 41	$ 77	$ 34	$ (1)	$ 5	$ 10
Other Changes in Plan Assets and Benefit Obligations Recognized in OCI and Regulatory Assets/Liabilities - Gross:						
Settlement	(18)	(23)	(1)	—	—	—
Net (gain) loss	42	(221)	(121)	(53)	(6)	(18)
Prior service cost (credit)	3	1	2	—	5	—
Amortization of:						
Prior service (cost) credit	(8)	(9)	(8)	(1)	(1)	1
Actuarial gain (loss)	(93)	(89)	(56)	1	—	(1)
Total recognized in OCI and regulatory assets/liabilities	(74)	(341)	(184)	(53)	(2)	(18)
Total recognized in net periodic defined benefit costs, OCI and regulatory assets/liabilities	$ (33)	$ (264)	$ (150)	$ (54)	$ 3	$ (8)

(a) 2021 and 2020 include a settlement charge for a retired PPL executive as well as a settlement charge incurred as a result of the amount of lump sum payment distributions from the LKE qualified pension plan. In accordance with existing regulatory accounting treatment, LG&E and KU have primarily maintained the settlement charge in regulatory assets to be amortized in accordance with existing regulatory practice. The portion of the settlement attributed to LKE's operations outside of the jurisdiction of the KPSC has been charged to expense.

For PPL's pension and 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		
	2021	2020	2019	2021	2020	2019
OCI	$ (70)	$ (428)	$ (194)	$ (42)	$ (12)	$ (13)
Regulatory assets/liabilities	(4)	87	10	(11)	10	(5)
Total recognized in OCI and regulatory assets/liabilities	$ (74)	$ (341)	$ (184)	$ (53)	$ (2)	$ (18)

(LG&E)

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

	Pension Benefits
	2019 (a)
Net periodic defined benefit costs (credits):	
Service cost	$ 1
Interest cost	11
Expected return on plan assets	(21)
Amortization of:	
Prior service cost (credit)	5
Actuarial loss (b)	9
Net periodic defined benefit costs (credits) (c)	$ 5
Other Changes in Plan Assets and Benefit Obligations Recognized in Regulatory Assets - Gross:	
Net (gain) loss	$ (19)
Amortization of:	
Prior service credit	(5)
Actuarial gain	(9)
Total recognized in regulatory assets/liabilities	(33)
Total recognized in net periodic defined benefit costs and regulatory assets	$ (28)

(a) The pension plans sponsored by LKE and LG&E were merged effective January 1, 2020 into the LG&E and KU Pension Plan, sponsored by LKE.
(b) 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 in 2019.
(c) Due to the amount of lump sum payment distributions from the LG&E qualified pension plan, settlement charges of $5 million in 2019 was incurred. In accordance with existing regulatory accounting treatment, LG&E has maintained the settlement charge in regulatory assets. The amount will be amortized in accordance with existing regulatory practice.

(All Registrants)

The following net periodic defined benefit costs (credits) were charged to expense or regulatory assets, excluding amounts charged to construction and other non-expense accounts.

	Pension Benefits			Other Postretirement Benefits		
	2021	2020	2019	2021	2020	2019
PPL	$ 12	$ 40	$ 18	$ (1)	$ 4	$ 8
PPL Electric (a)	(9)	(2)	(4)	(1)	2	4
LG&E (a) (b)	(1)	4	3	2	2	2
KU (a) (b)	(3)	1	(1)	—	—	—

(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. KU is also allocated costs of defined benefit plans from LKS for defined benefit plans sponsored by LKE. Effective January 1, 2020, the LKE and LG&E defined benefit pension plans were merged into a combined defined benefit pension plan, sponsored by LKE, therefore LG&E does not directly sponsor any defined benefit plans. LG&E and KU were allocated these costs of defined benefit plans sponsored by LKE, based on their participation in those plans, which management believes are reasonable. LG&E and KU are also allocated costs of defined benefit plans from LKS for defined benefit plans sponsored by LKE. See Note 15 for additional information on costs allocated to LG&E and KU from LKS.
(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 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 Other operation and maintenance, Other Income (Expense) - net or regulatory assets, excluding amounts charged to construction and other non-expense accounts, insignificant amounts for LG&E and KU were recorded as regulatory assets in 2021, $3 million for LG&E and $1 million for KU were recorded as regulatory assets in 2020 and $2 million for LG&E and $1 million for KU were recorded as regulatory assets in 2019.

(PPL and LG&E)

PPL and LG&E use base mortality tables issued by the Society of Actuaries for all defined benefit pension and other postretirement benefit plans. In 2019, PPL and LG&E used RP-2014 base tables with collar and factor adjustments, where applicable, and the MP-2017 mortality improvement scale from 2006 on a generational basis. In 2020, PPL updated to the Pri-2012 base table and the MP-2020 projection scale with varying adjustment factors based on the underlying demographic and geographic differences and experience of the plan participants.

The following weighted-average assumptions were used in the valuation of the benefit obligations at December 31.

	Pension Benefits		Other Postretirement Benefits	
	2021	2020	2021	2020
PPL				
Discount rate	3.15 %	2.92 %	3.13 %	2.84 %
Rate of compensation increase	3.76 %	3.76 %	3.77 %	3.75 %

The following weighted-average assumptions were used to determine the net periodic defined benefit costs for the years ended December 31.

	Pension Benefits			Other Postretirement Benefits		
	2021	2020	2019	2021	2020	2019
PPL						
Discount rate	2.92 %	3.64 %	4.35 %	2.84 %	3.60 %	4.31 %
Rate of compensation increase	3.76 %	3.79 %	3.79 %	3.75 %	3.76 %	3.76 %
Expected return on plan assets	7.25 %	7.25 %	7.25 %	6.48 %	6.44 %	6.46 %
LG&E						
Discount rate	— %	— %	4.33 %			
Expected return on plan assets (a)	— %	— %	7.25 %			

(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)

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

	2021	2020	2019
PPL			
Health care cost trend rate assumed for next year			
– obligations	6.25 %	6.50 %	6.60 %
– cost	6.50 %	6.60 %	6.60 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)			
– obligations	5.00 %	5.00 %	5.00 %
– cost	5.00 %	5.00 %	5.00 %
Year that the rate reaches the ultimate trend rate			
– obligations	2027	2027	2024
– cost	2027	2024	2023

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

	Pension Benefits		Other Postretirement Benefits	
	2021	2020	2021	2020
Change in Benefit Obligation				
Benefit Obligation, beginning of period	$ 4,251	$ 4,146	$ 573	$ 557
Service cost	56	56	6	6
Interest cost	121	146	16	19
Participant contributions	—	—	14	15
Plan amendments	2	2	—	5
Actuarial (gain) loss	(88)	256	(50)	29
Settlements	(106)	(114)	—	—
Gross benefits paid	(247)	(241)	(55)	(58)
Benefit Obligation, end of period	3,989	4,251	504	573
Change in Plan Assets				
Plan assets at fair value, beginning of period	4,068	3,585	367	340
Actual return on plan assets	125	723	25	56
Employer contributions	47	115	18	18
Participant contributions	—	—	11	11
Settlements	(106)	(114)	—	—
Gross benefits paid	(247)	(241)	(54)	(58)
Plan assets at fair value, end of period	3,887	4,068	367	367
Funded Status, end of period	$ (102)	$ (183)	$ (137)	$ (206)
Amounts recognized in the Balance Sheets consist of:				
Noncurrent asset	$ 91	$ 24	$ —	$ —
Current liability	(10)	(18)	(15)	(22)
Noncurrent liability	(183)	(189)	(122)	(184)
Net amount recognized, end of period	$ (102)	$ (183)	$ (137)	$ (206)
Amounts recognized in AOCI and regulatory assets/liabilities (pre-tax) consist of:				
Prior service cost (credit)	$ 22	$ 27	$ 12	$ 14
Net actuarial (gain) loss	626	695	(51)	—
Total	$ 648	$ 722	$ (39)	$ 14
Total accumulated benefit obligation for defined benefit pension plans	$ 3,786	$ 4,024		

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

	Pension Benefits		Other Postretirement Benefits	
	2021	2020	2021	2020
AOCI	$ 239	$ 270	$ (2)	$ 10
Regulatory assets/liabilities	409	452	(37)	4
Total	$ 648	$ 722	$ (39)	$ 14

The actuarial gain for pension plans in 2021 was primarily related to a change in the discount rate used to measure the benefit obligations of those plans. The actuarial loss for pension plans in 2020 was related to a change in the discount rate used to measure the benefit obligations of those plans offset by gains resulting from the updated mortality assumptions noted above and other demographic assumption changes resulting from the completion of a tri-annual demographic experience study.

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:

	PBO in excess of plan assets	
	2021	2020
Projected benefit obligation	$ 193	$ 1,875
Fair value of plan assets	—	1,668

	ABO in excess of plan assets	
	2021	2020
Accumulated benefit obligation	$ 177	$ 184
Fair value of plan assets	—	—

(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. 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 assets/(liabilities) at December 31 as follows:

	2021	2020
Pension	$ 42	$ 4
Other postretirement benefits	(78)	(99)

(LG&E)

Although LG&E does not directly sponsor any defined benefit plans, it is allocated a portion of the funded status and costs of plans sponsored by LKE. LG&E is also allocated costs of defined benefits plans from LKS for defined benefit plans sponsored by LKE. See Note 15 for additional information on costs allocated to LG&E from LKS. These allocations are based on LG&E's participation in those plans, which management believes are reasonable. The actuarially determined obligations of current active employees and retired employees of LG&E are used as a basis to allocate total plan activity, including active and retiree costs and obligations. Allocations to LG&E resulted in assets/(liabilities) at December 31 as follows:

	2021	2020
Pension	$ 85	$ 78
Other postretirement benefits	(51)	(68)

(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. KU is also allocated costs of defined benefit plans from LKS for defined benefit plans sponsored by LKE. See Note 15 for additional information on costs allocated to KU from LKS. These allocations are based on KU's 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 assets/(liabilities) at December 31 as follows.

	2021	2020
Pension	$ 75	$ 62
Other postretirement benefits	(6)	(16)

Plan Assets - Pension Plans

(PPL)

PPL's primary legacy pension plan and the pension plan 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 based on input from external consultants with a goal of limiting funded status volatility. The EBPB monitors the investments in each portfolio, 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 2021 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		2021
	2021	2020	Target Asset Allocation
Growth Portfolio	**55 %**	**56 %**	**55 %**
Equity securities	32 %	34 %	
Debt securities (a)	13 %	13 %	
Alternative investments	10 %	9 %	
Immunizing Portfolio	**43 %**	**43 %**	**43 %**
Debt securities (a)	35 %	33 %	
Derivatives	8 %	10 %	
Liquidity Portfolio	**2 %**	**1 %**	**2 %**
Total	100 %	100 %	100 %

(a) Includes commingled debt funds, which PPL treats as debt securities for asset allocation purposes.

(PPL)

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

	December 31, 2021				December 31, 2020			
	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	$ 266	$ 266	$ —	$ —	$ 300	$ 300	$ —	$ —
Equity securities:								
U.S. Equity	41	41	—	—	60	60	—	—
U.S. Equity fund measured at NAV (a)	754	—	—	—	742	—	—	—
International equity fund at NAV (a)	511	—	—	—	566	—	—	—
Commingled debt measured at NAV (a)	677	—	—	—	712	—	—	—

	December 31, 2021				December 31, 2020			
	Fair Value Measurements Using				Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Debt securities:								
U.S. Treasury and U.S. government sponsored agency	281	280	1	—	336	335	1	—
Corporate	1,039	—	1,019	20	1,045	—	1,030	15
Other	14	—	14	—	13	—	13	—
Alternative investments:								
Real estate measured at NAV (a)	69	—	—	—	76	—	—	—
Private equity measured at NAV (a)	94	—	—	—	68	—	—	—
Hedge funds measured at NAV (a)	236	—	—	—	223	—	—	—
Limited Partnerships at NAV (a)	—	—	—	—	6	—	—	—
Derivatives	35	—	35	—	(37)	—	(37)	—
PPL Services Corporation Master Trust assets, at fair value	4,017	$ 587	$ 1,069	$ 20	4,110	$ 695	$ 1,007	$ 15
Receivables and payables, net (b)	25				116			
401(h) accounts restricted for other postretirement benefit obligations	(155)				(158)			
Total PPL Services Corporation Master Trust pension assets	$ 3,887				$ 4,068			

(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, net represents amounts for investments sold/purchased but not yet settled along with interest and dividends earned but not yet received.

A reconciliation of the Master Trust assets classified as Level 3 at December 31, 2021 is as follows:

	Corporate debt	Total
Balance at beginning of period	$ 15	$ 15
Purchases, sales and settlements	5	5
Balance at end of period	$ 20	$ 20

A reconciliation of the Master Trust assets classified as Level 3 at December 31, 2020 is as follows:

	Corporate debt	Insurance contracts	Total
Balance at beginning of period	$ 20	$ 4	$ 24
Purchases, sales and settlements	(5)	(4)	(9)
Balance at end of period	$ 15	$ —	$ 15

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.

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 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 strategy 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. The partnerships have limited lives of at least 10 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. At December 31, 2021, the Master Trust had unfunded commitments of $111 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 limited partnerships include Term Asset-Backed Securities Loan Facility (TALF) funds. The Master Trust received notice that the TALF funds are liquidating in an orderly manner and distributing capital back to the partners. Therefore, the Master Trust has no unfunded commitment related to the TALF funds. Fair value of the funds 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 a fund of hedge 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 fund of hedge funds include long/short equity, tactical trading, event driven, and relative value. Shares may be redeemed with 45 days prior written notice. The fund is subject to short term lockups and other restrictions. The fair value for the fund has been estimated using the net asset value per share.

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 treasury futures, total return swaps, interest rate swaps and swaptions (the option to enter into an interest rate swap), which are valued based on quoted prices, changes in the value of the underlying exposure or on the swap details, such as swap curves, notional amount, index and term of index, reset frequency, volatility and payer/receiver credit ratings.

In 2019, obligations underlying an investment in an immediate participation guaranteed group annuity contract, classified as Level 3, were assumed by the insurance company, with a residual amount remaining in the general account of the insurer that was paid into the master trust or distributed to participants in 2020.

Plan Assets - 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 and the target allocation, by asset class, at December 31 are detailed below.

	Percentage of plan assets		Target Asset Allocation
	2021	2020	2021
Asset Class			
U.S. Equity securities	45 %	42 %	45 %
Debt securities (a)	52 %	55 %	50 %
Cash and cash equivalents (b)	3 %	3 %	5 %
Total	100 %	100 %	100 %

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

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

	December 31, 2021				December 31, 2020			
	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	$ —	$ —	$ 5	$ 5	$ —	$ —
U.S. Equity securities:								
Large-cap equity fund measure at NAV (a)	96	—	—	—	89	—	—	—
Commingled debt fund measured at NAV (a)	75	—	—	—	77	—	—	—
Debt securities:								
Corporate bonds	38	—	38	—	37	—	37	—
U.S. Treasury and U.S. government sponsored agency	—	—	—	—	2	—	2	—
Total VEBA trust assets, at fair value	215	$ 6	$ 38	$ —	210	$ 5	$ 39	$ —
Receivables and payables, net (b)	(3)				(1)			
401(h) account assets	155				158			
Total other postretirement benefit plan assets	$ 367				$ 367			

(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.

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 daily on these funds.

Investments in corporate bonds represent investment in a diversified portfolio of investment grade long-duration fixed income securities. The fair value 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.

Investments in U.S. Treasury and U.S. government sponsored agencies represent securities included in a portfolio of investment-grade long-duration fixed income. The fair value 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.

Expected Cash Flows - Defined Benefit Plans *(PPL)*

PPL does not plan to contribute to its pension plans in 2022, as PPL's defined benefit pension plans have the option to utilize available prior year credit balances to meet current and future contribution requirements.

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 2022.

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 $22 million to its other postretirement benefit plans in 2022.

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
2022	$ 207	$ 44	$ 1
2023	207	42	—
2024	204	41	—
2025	204	40	—
2026	202	38	—
2027-2030	946	176	1

Savings Plans *(All Registrants)*

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

	2021	2020	2019
PPL	$ 29	$ 29	$ 30
PPL Electric	5	6	6
LG&E	7	6	6
KU	5	5	5

13. Jointly Owned Facilities

(PPL, LG&E and KU)

At December 31, 2021 and 2020, the Balance Sheets reflect the owned interests in the generating plants listed below.

	Ownership Interest	Electric Plant	Accumulated Depreciation	Construction Work in Progress
PPL				
December 31, 2021				
Trimble County Unit 1	75.00 %	$ 457	$ 79	$ —
Trimble County Unit 2	75.00 %	1,360	247	121
December 31, 2020				
Trimble County Unit 1	75.00 %	$ 440	$ 64	$ 2
Trimble County Unit 2	75.00 %	1,340	227	106

	Ownership Interest	Electric Plant	Accumulated Depreciation	Construction Work in Progress
LG&E				
December 31, 2021				
E.W. Brown Units 6-7	38.00 %	$ 53	$ 24	$ —
Paddy's Run Unit 13 & E.W. Brown Unit 5	53.00 %	51	25	—
Trimble County Unit 1	75.00 %	457	79	—
Trimble County Unit 2	14.25 %	379	57	64
Trimble County Units 5-6	29.00 %	36	15	—
Trimble County Units 7-10	37.00 %	81	34	—
Cane Run Unit 7	22.00 %	125	19	—
E.W. Brown Solar Unit	39.00 %	10	2	—
Solar Share	44.00 %	2	—	—
December 31, 2020				
E.W. Brown Units 6-7	38.00 %	$ 46	$ 22	$ —
Paddy's Run Unit 13 & E.W. Brown Unit 5	53.00 %	51	22	—
Trimble County Unit 1	75.00 %	440	64	2
Trimble County Unit 2	14.25 %	370	51	54
Trimble County Units 5-6	29.00 %	33	14	1
Trimble County Units 7-10	37.00 %	77	31	1
Cane Run Unit 7	22.00 %	123	15	—
E.W. Brown Solar Unit	39.00 %	10	2	—
Solar Share	44.00 %	2	—	—
KU				
December 31, 2021				
E.W. Brown Units 6-7	62.00 %	$ 88	$ 40	$ —
Paddy's Run Unit 13 & E.W. Brown Unit 5	47.00 %	45	22	—
Trimble County Unit 2	60.75 %	981	190	57
Trimble County Units 5-6	71.00 %	84	36	—
Trimble County Units 7-10	63.00 %	133	57	—
Cane Run Unit 7	78.00 %	444	70	—
E.W. Brown Solar Unit	61.00 %	16	4	—
Solar Share	56.00 %	3	—	—
December 31, 2020				
E.W. Brown Units 6-7	62.00 %	$ 76	$ 37	$ —
Paddy's Run Unit 13 & E.W. Brown Unit 5	47.00 %	45	20	—
Trimble County Unit 2	60.75 %	970	176	52
Trimble County Units 5-6	71.00 %	77	33	4
Trimble County Units 7-10	63.00 %	129	53	2
Cane Run Unit 7	78.00 %	443	57	2
E.W. Brown Solar Unit	61.00 %	16	3	—
Solar Share	56.00 %	2	—	—

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.

14. Commitments and Contingencies

Energy Purchase Commitments *(PPL, 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 retail natural gas supply operations. These contracts include the following commitments:

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Contract Type	Maximum Maturity Date
Natural Gas Fuel	2024
Natural Gas Retail Supply	2023
Coal	2026
Coal Transportation and Fleeting Services	2027
Natural Gas Transportation	2026

LG&E and KU have a power purchase agreement with OVEC expiring in June 2040. See footnote (c) to the table in "Guarantees and Other Assurances" below for information on the OVEC power purchase contract, including recent developments in credit or debt conditions relating to OVEC. Future obligations for power purchases from OVEC are demand payments, comprised of debt-service payments and contractually-required reimbursements of plant operating, maintenance and other expenses, and are projected as follows:

	LG&E	KU	Total
2022	$ 23	$ 10	$ 33
2023	23	10	33
2024	22	10	32
2025	22	10	32
2026	22	10	32
Thereafter	218	96	314
Total	$ 330	$ 146	$ 476

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

	2021	2020	2019
LG&E	$ 13	$ 12	$ 15
KU	6	6	7
Total	$ 19	$ 18	$ 22

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.

<u>Talen Litigation</u> *(PPL)*

Background

In September 2013, one of PPL's former subsidiaries, PPL Montana entered into an agreement to sell its hydroelectric generating facilities. In June 2014, PPL and PPL Energy Supply, the parent company of PPL Montana, entered into various definitive agreements with affiliates of Riverstone to spin off PPL Energy Supply and ultimately combine it with Riverstone's competitive power generation businesses to form a stand-alone company named Talen Energy. In November 2014, after executing the spinoff agreements but prior to the closing of the spinoff transaction, PPL Montana closed the sale of its hydroelectric generating facilities. Subsequently, on June 1, 2015, the spinoff of PPL Energy Supply was completed. Following the spinoff transaction, PPL had no continuing ownership interest in or control of PPL Energy Supply. In connection with the spinoff transaction, PPL Montana became Talen Montana, LLC (Talen Montana), a subsidiary of Talen Energy. Talen Energy Marketing also became a subsidiary of Talen Energy as a result of the June 2015 spinoff of PPL Energy Supply. Talen Energy has owned and operated both Talen Montana and Talen Energy Marketing since the spinoff. At the time of the spinoff, affiliates of Riverstone acquired a 35% ownership interest in Talen Energy. Riverstone subsequently acquired the remaining interests in Talen Energy in a take private transaction in December 2016.

Talen Montana Retirement Plan and Talen Energy Marketing, LLC, Individually and on Behalf of All Others Similarly Situated v. PPL Corporation et al.

On October 29, 2018, Talen Montana Retirement Plan and Talen Energy Marketing filed a putative class action complaint on behalf of current and contingent creditors of Talen Montana who allegedly suffered harm or allegedly will suffer reasonably foreseeable harm as a result of the November 2014 distribution of proceeds from the sale of then-PPL Montana's hydroelectric generating facilities. The action was filed in the Sixteenth Judicial District of the State of Montana, Rosebud County, against PPL and certain of its affiliates and current and former officers and directors (Talen Putative Class Action). Plaintiff asserts claims for, among other things, fraudulent transfer, both actual and constructive; recovery against subsequent transferees; civil conspiracy; aiding and abetting tortious conduct; and unjust enrichment. Plaintiff is seeking avoidance of the purportedly fraudulent transfer, unspecified damages, including punitive damages, the imposition of a constructive trust, and other relief. In December 2018, PPL removed the Talen Putative Class Action from the Sixteenth Judicial District of the State of Montana to the United States District Court for the District of Montana, Billings Division (MT Federal Court). In January 2019, the plaintiff moved to remand the Talen Putative Class Action back to state court, and dismissed without prejudice all current and former PPL Corporation directors from the case. In September 2019, the MT Federal Court granted plaintiff's motion to remand the case back to state court. Although, the PPL defendants petitioned the Ninth Circuit Court of Appeals to grant an appeal of the remand decision, in November 2019, the Ninth Circuit Court of Appeals denied that request and in December 2019, Talen Montana Retirement Plan filed a Second Amended Complaint in the Sixteenth Judicial District of the State of Montana, Rosebud County, which removed Talen Energy Marketing as a plaintiff. In January 2020, PPL defendants filed a motion to dismiss the Second Amended Complaint or, in the alternative, to stay the proceedings pending the resolution of the below mentioned Delaware Action. The Court held a hearing on June 24, 2020 regarding the motions. On September 11, 2020, the Court granted PPL defendants' alternative Motion for a Stay of the proceedings.

PPL Corporation et al. vs. Riverstone Holdings LLC, Talen Energy Corporation et al.

On November 30, 2018, PPL, certain PPL affiliates, and certain current and former officers and directors (PPL plaintiffs) filed a complaint in the Court of Chancery of the State of Delaware seeking various forms of relief against Riverstone, Talen Energy and certain of their affiliates (Delaware Action), in response to and as part of the defense strategy for an action filed by Talen Montana, LLC (the Talen Direct Action, since dismissed) and the Talen Putative Class Action described above (together, the Montana Actions) originally filed in Montana state court in October 2018. In the complaint, the PPL plaintiffs ask the Delaware Court of Chancery for declaratory and injunctive relief. This includes a declaratory judgment that, under the separation agreement governing the spinoff of PPL Energy Supply, all related claims that arise must be heard in Delaware; that the statute of limitations in Delaware and the spinoff agreement bar these claims at this time; that PPL is not liable for the claims in either the Talen Direct Action or the Talen Putative Class Action as PPL Montana was solvent at all relevant times; and that the separation agreement requires that Talen Energy indemnify PPL for all losses arising from the debts of Talen Montana, among other things. PPL's complaint also seeks damages against Riverstone for interfering with the separation agreement and against Riverstone affiliates for breach of the implied covenant of good faith and fair dealing. The complaint was subsequently amended on January 11, 2019 and March 20, 2019, to include, among other things, claims related to indemnification with respect to the Montana Actions, request a declaration that the Montana Actions are time-barred under the spinoff agreements, and allege additional facts to support the tortious interference claim. In April 2019, the defendants filed motions to dismiss the amended complaint. In July 2019, the Court heard oral arguments from the parties regarding the motions to dismiss, and in October 2019, the Delaware Court of Chancery issued an opinion sustaining all of the PPL plaintiffs' claims except for the claim for breach of implied covenant of good faith and fair dealing. As a result of the dismissal of the Talen Direct Action in December 2019, in January 2020, Talen Energy filed a new motion to dismiss five of the remaining eight claims in the amended complaint. The Court heard oral argument on the motion to dismiss on May 28, 2020, and on June 22, 2020, issued an opinion denying the motion in its entirety. Discovery is proceeding, and the parties have filed certain motions and cross-motions for summary judgment, which are not yet scheduled for hearing. The trial was previously scheduled for February 2022, but has been rescheduled for July 2022.

With respect to each of the Talen-related matters described above, PPL believes that the 2014 distribution of proceeds was made in compliance with all applicable laws and that PPL Montana was solvent at all relevant times. Additionally, the agreements entered into in connection with the spinoff, which PPL and affiliates of Talen Energy and Riverstone negotiated and executed prior to the 2014 distribution, directly address the treatment of the proceeds from the sale of PPL Montana's hydroelectric generating facilities; in those agreements, Talen Energy and Riverstone definitively agreed that PPL was entitled to retain the proceeds.

PPL believes that it has meritorious defenses to the claims made in the Talen Putative Class Action and intends to continue to vigorously defend against this action. The Talen Putative Class Action was stayed at an early stage of litigation. While the

Delaware Action is progressing, at this time PPL cannot predict the outcome of either of these matters or estimate the range of possible losses, if any, that PPL might incur as a result of the claims, although they could be material.

Cane Run Environmental Claims *(PPL and LG&E)*

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 (U.S. District Court) alleging violations of the Clean Air Act, RCRA, and common law claims of nuisance, trespass and negligence. In July 2014, the U.S. District Court dismissed the RCRA claims and all but one Clean Air Act claim, but declined to dismiss the common law tort claims. In February 2017, the U.S. District Court dismissed PPL as a defendant and dismissed the final federal claim against LG&E, and in April 2017, issued an Order declining to exercise supplemental jurisdiction on the state law claims dismissing the case in its entirety. In June 2017, the plaintiffs filed a class action complaint in Jefferson County, Kentucky Circuit Court, against LG&E alleging state law nuisance, negligence and trespass tort claims. The plaintiffs sought compensatory and punitive damages for alleged property damage due to purported plant emissions on behalf of a class of residents within one to three miles of the plant. On January 8, 2020, the Jefferson Circuit Court issued an order denying the plaintiffs' request for class certification. On January 14, 2020, the plaintiffs filed a notice of appeal in the Kentucky Court of Appeals. On December 11, 2020, the Court of Appeals issued an order affirming the lower court's denial of class certification. In December 2020, plaintiffs filed a petition for discretionary review with the Kentucky Supreme Court. On April 20, 2021, the Kentucky Supreme Court denied further review of the lower court order. The case was remanded to the Jefferson Circuit Court for the claims of the three remaining petitioners. Settlements with two of the three remaining petitioners were reached with none of the settlements having or expected to have a significant impact on LG&E's operations or financial condition.

E.W. Brown Environmental Claims *(PPL and KU)*

In July 2017, the Kentucky Waterways Alliance and the Sierra Club filed a citizen suit complaint against KU in the U.S. District Court for the Eastern District of Kentucky (U.S. District Court) alleging discharges at the E.W. Brown plant in violation of the Clean Water Act and the plant's water discharge permit and alleging contamination that may present an imminent and substantial endangerment in violation of the RCRA. The plaintiffs' suit relates to prior notices of intent to file a citizen suit submitted in October and November 2015 and October 2016. These plaintiffs sought injunctive relief ordering KU to take all actions necessary to comply with the Clean Water Act and RCRA, including ceasing the discharges in question, abating effects associated with prior discharges and eliminating the alleged imminent and substantial endangerment. These plaintiffs also sought assessment of civil penalties and an award of litigation costs and attorney fees. In December 2017, the U.S. District Court issued an Order dismissing the Clean Water Act and RCRA complaints against KU in their entirety. In January 2018, the plaintiffs appealed the dismissal Order to the U.S. Court of Appeals for the Sixth Circuit. In September 2018, the U.S. Court of Appeals for the Sixth Circuit issued its ruling affirming the lower court's decision to dismiss the Clean Water Act claims but reversing its dismissal of the RCRA claims against KU and remanding the latter to the U.S. District Court. In January 2019, KU filed an answer to plaintiffs' complaint in the U.S. District Court. In May 2021, the U.S. District Court issued an order granting KU's motion for summary judgment and dismissed the case. In June 2021, the plaintiffs appealed the district court's order to the U.S. Court of Appeals for the Sixth Circuit. In September 2021, the parties entered into a settlement agreement, providing for dismissal of the appellate proceedings and release of other claims.

KU is undertaking extensive remedial measures at the E.W. Brown plant including closure of the former ash pond, implementation of a groundwater remedial action plan and performance of a corrective action plan including aquatic study of adjacent surface waters and risk assessment. The aquatic study and risk assessment are being undertaken pursuant to a 2017 agreed Order with the Kentucky Energy and Environment Cabinet (KEEC). KU conducted sampling of Herrington Lake in 2017 and 2018. In June 2019, KU submitted to the KEEC the required aquatic study and risk assessment, conducted by an independent third-party consultant, finding that discharges from the E.W. Brown plant have not had any significant impact on Herrington Lake and that the water in the lake is safe for recreational use and meets safe drinking water standards. On May 31, 2021, the KEEC approved the report and released a response to public comments. On August 6, 2021, KU submitted a Supplemental Remedial Alternatives Analysis (SRAA) report to the KEEC that outlines proposed additional fish, water, and sediment testing. KU has submitted a response to the KEEC's comments and expects to undertake the proposed testing in the spring of 2022.

Air *(PPL and LG&E)*

Sulfuric Acid Mist Emissions

In June 2016, the EPA issued a notice of violation under the Clean Air Act alleging that LG&E violated applicable rules relating to sulfuric acid mist emissions at its Mill Creek plant. The notice alleges failure to install proper controls, failure to operate the facility consistent with good air pollution control practice and causing emissions exceeding applicable requirements or constituting a nuisance or endangerment. LG&E believes it has complied with applicable regulations during the relevant time period. On July 31, 2020, the U.S. Department of Justice and Louisville Metro Air Pollution Control District filed a complaint in the U.S. District Court for the Western District of Kentucky alleging violations specified in the EPA notice of violation and seeking civil penalties and injunctive relief. In October 2020, LG&E filed a motion to dismiss the complaint. In December 2020, the U.S. Department of Justice and the Louisville Metro Air Pollution Control District filed an amended complaint. In February 2021, LG&E filed a renewed motion to dismiss regarding the amended complaint. In September 2021, the parties reached a tentative agreement providing for dismissal of the court action, the payment by LG&E of a penalty amount and performance of a supplemental environmental project (SEP). The parties have entered a Consent Decree, which is awaiting approval from the U.S. District Court for the Western District of Kentucky. PPL and LG&E are unable to predict the final outcome of this matter but do not believe the matter, including the agreed penalty and SEP, will have a significant impact on LG&E's operations or financial condition.

Water/Waste *(PPL, LG&E and KU)*

ELGs

In 2015, the EPA finalized ELGs for wastewater discharge permits for new and existing steam electricity generating facilities. These guidelines require deployment of additional control technologies providing physical, chemical and biological treatment and mandate operational changes including "no discharge" requirements for certain wastewaters. The implementation date for individual generating stations was to be determined by the states on a case-by-case basis according to criteria provided by the EPA. Legal challenges to the final rule were consolidated before the U.S. Court of Appeals for the Fifth Circuit. In April 2017, the EPA announced that it would grant petitions for reconsideration of the rule. In September 2017, the EPA issued a rule to postpone the compliance date for certain requirements. On October 13, 2020, the EPA published final revisions to its best available technology standards for certain wastewaters and potential extensions to compliance dates (the Reconsideration Rule). The rule is expected to be implemented by the states or applicable permitting authorities in the course of their normal permitting activities. LG&E and KU are currently implementing responsive compliance strategies and schedules. Certain aspects of these compliance plans and estimates relate to developments in state water quality standards, which are separate from the ELG rule or its implementation. Certain costs are included in the Registrants' capital plans and expected to be recovered from customers through rate recovery mechanisms, but additional costs and recovery will depend on further regulatory developments at the state level. In August 2021, the EPA published a notice of rulemaking announcing that it will propose revisions to the Reconsideration Rule and determine "whether more stringent limitations and standards are appropriate." Compliance with the Reconsideration Rule is required during the pendency of the rulemaking process.

CCRs

In 2015, the EPA issued a final rule governing management of CCRs which include fly ash, bottom ash and sulfur dioxide scrubber wastes. The CCR Rule imposes extensive new requirements for certain CCR impoundments and landfills, including public notifications, location restrictions, design and operating standards, groundwater monitoring and corrective action requirements, and closure and post-closure care requirements, and specifies restrictions relating to the beneficial use of CCRs. In July 2018, the EPA issued a final rule extending the deadline for closure of certain impoundments and adopting other substantive changes. In August 2018, the D.C. Circuit Court of Appeals vacated and remanded portions of the CCR Rule. In December 2019, the EPA addressed the deficiencies identified by the court and proposed amendments to change the closure deadline. In August 2020, the EPA published a final rule extending the deadline to initiate closure to April 11, 2021, while providing for certain extensions. The EPA is conducting ongoing rulemaking actions regarding various other amendments to the rule. Certain ongoing legal challenges to various provisions of the CCR Rule have been held in abeyance pending review by the EPA pursuant to the President's executive order. PPL, LG&E, and KU are monitoring the EPA's ongoing efforts to refine and implement the regulatory program under the CCR Rule. In January 2022, the EPA issued several proposed regulatory determinations, facility notifications, and public announcements which indicate increased scrutiny by the EPA to determine the adequacy of measures taken by facility owners and operators to achieve closure of CCR surface impoundments and landfills. In particular, the agency indicated that it will focus on certain practices which it views as posing a threat of continuing groundwater contamination. Future guidance, regulatory determinations, rulemakings, and other developments could potentially require revisions to current LG&E and KU compliance plans including additional monitoring and remediation at surface impoundments and landfills, the cost of which could be substantial. PPL, LG&E and KU are unable to predict the outcome of the ongoing litigation, rulemaking, and regulatory determinations or potential impacts on current LG&E and KU compliance plans. The Registrants are currently finalizing closure plans and schedules.

In January 2017, Kentucky issued a new state rule relating to CCR management, effective May 2017, aimed at reflecting the requirements of the federal CCR rule. As a result of a subsequent legal challenge, in January 2018, the Franklin County, Kentucky Circuit Court issued an opinion invalidating certain procedural elements of the rule. LG&E and KU presently operate their facilities under continuing permits authorized under the former program and do not currently anticipate material impacts as a result of the judicial ruling. Associated costs are expected to be subject to rate recovery.

LG&E and KU received KPSC approval for a compliance plan providing for the closure of impoundments at the Mill Creek, Trimble County, E.W. Brown, and Ghent stations, and construction of process water management facilities at those plants. In addition to the foregoing measures required for compliance with the federal CCR rule, KU also received KPSC approval for its plans to close impoundments at the retired Green River, Pineville and Tyrone plants to comply with applicable state law. As of April 2021, LG&E and KU have commenced closure of all of the subject impoundments and have completed closure of some of their smaller impoundments. LG&E and KU generally expect to complete impoundment closures within five years of commencement, although a longer period may be required to complete closure of some facilities. Associated costs are expected to be subject to rate recovery.

In connection with the final CCR rule, LG&E and KU recorded adjustments to existing AROs beginning in 2015 and continue to record adjustments as required. See Note 20 for additional information. Further changes to AROs, current capital plans or 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 expected to be subject to rate recovery.

(All Registrants)

Superfund and Other Remediation

PPL Electric, LG&E and KU are potentially responsible for investigating and remediating contamination under the federal Superfund program and similar state programs. Actions are under way at certain sites including former coal gas manufacturing plants in Pennsylvania and Kentucky previously owned or operated by, or currently owned by predecessors or affiliates of, PPL Electric, LG&E and KU. PPL Electric is potentially responsible for a share of clean-up costs at certain sites including the Columbia Gas Plant site and the Brodhead site. Cleanup actions have been or are being undertaken at these sites as requested by governmental agencies, the costs of which have not been and are not expected to be significant to PPL Electric.

At December 31, 2021 and December 31, 2020, PPL Electric had a recorded liability of $10 million representing its best estimate of the probable loss incurred to remediate the sites identified above. Depending on the outcome of investigations at identified sites where investigations have not begun or been completed, or developments at sites for which information is incomplete, additional costs of remediation could be incurred. PPL Electric, LG&E and KU lack sufficient information about such additional sites to estimate any potential liability or range of reasonably possible losses, if any, related to these sites. Such costs, however, are not currently expected to be significant.

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

Regulatory Issues

See Note 7 for information on regulatory matters related to utility rate regulation.

Electricity - Reliability Standards

The NERC is responsible for establishing and enforcing mandatory reliability standards (Reliability Standards) regarding the bulk electric system in North America. 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 electric system, including electric utility companies, generators and marketers. Under the Federal Power Act, the FERC may assess civil penalties for certain violations.

PPL Electric, LG&E and KU monitor their compliance with the Reliability Standards and self-report or self-log potential violations of applicable reliability requirements whenever identified, and submit accompanying mitigation plans, as required. The resolution of a small number of potential violations is pending. Penalties incurred to date have not been significant. Any Regional Reliability Entity 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 an estimate or range of possible losses cannot be determined.

Gas - Security Directives *(PPL and LG&E)*

In May and July of 2021, the Department of Homeland Security's (DHS) Transportation Security Administration (TSA) released two security directives applicable to certain notified owners and operators of natural gas pipeline facilities (including local distribution companies) that TSA has determined to be critical. The first security directive required notified owners/operators to implement cybersecurity incident reporting to the DHS, designate a cybersecurity coordinator, and perform a gap assessment of current entity cybersecurity practices against certain voluntary TSA security guidelines and report relevant results and proposed mitigation to applicable DHS agencies. The second security directive requires notified entities to implement a significant number of specified cyber security controls and processes. LG&E does not believe the security directives will have a significant impact on LG&E's operations or financial condition.

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. Examples of such agreements include: 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 obligations of PPL Capital Funding.

(All Registrants)

The table below details guarantees provided as of December 31, 2021. "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. For reporting purposes, on a consolidated basis, the guarantees of PPL include the guarantees of its subsidiary Registrants.

	Exposure at December 31, 2021	Expiration Date
PPL		
Indemnifications related to the sale of the U.K. utility business	(a)	
Indemnifications related to certain tax liabilities related to the sale of the U.K. utility business	£ 50 (b)	2028
LG&E and KU		
LG&E and KU obligation of shortfall related to OVEC	(c)	

(a) PPL WPD Limited agreed to provide a standard indemnity regarding "leakage" amounts, which included amounts taken out of the sold assets through dividends, return of capital, bonuses or similar method, received or waived by WPD (or its affiliates defined as members of the Sellers Group in the SPA) during the period from April 1, 2020 through June 14, 2021, except such amounts permitted under the WPD SPA. The amount of the cap on this indemnity was £7,881 million, the amount paid to PPL WPD Limited at closing. This indemnification expired in December 2021 and no claims have been made.

(b) PPL WPD Limited entered into a Tax Deed dated June 9, 2021 in which it agreed to a tax indemnity regarding certain potential tax liabilities of the entities sold with respect to periods prior to the completion of the sale, subject to customary exclusions and limitations. Because National Grid Holdings

One plc, the buyer, agreed to purchase indemnity insurance, the amount of the cap on the indemnity for these liabilities is £1, except with respect to certain surrenders of tax losses, for which the amount of the cap on the indemnity is £50 million.

(c) 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 included within a demand charge designed and expected to cover these costs over the term of the contract. PPL's proportionate share of OVEC's outstanding debt was $92 million at December 31, 2021, consisting of LG&E's share of $64 million and KU's share of $28 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.

In March 2018, a sponsor with a 4.85% pro-rata share of OVEC obligations filed for bankruptcy under Chapter 11 and, in August 2018, received a rejection order for the OVEC power purchase contract in the bankruptcy proceeding. OVEC and other entities challenged the contract rejection, the bankruptcy plan confirmation and regulatory aspects of the plan in various forums. In May 2020, OVEC and the relevant sponsor announced a settlement resolving all disputed matters in the bankruptcy and other proceedings, including providing that the sponsor will withdraw its request to reject the power purchase agreement. The settlement was implemented in July 2020.

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.

Risks and Uncertainties *(All Registrants)*

The COVID-19 pandemic has disrupted the U.S. and global economies and continues to present challenges to businesses, communities, workforces, markets and increasingly to supply chains. In the U.S. and throughout the world, governmental authorities have taken actions to contain the spread of the virus and mitigate known or foreseeable impacts. In the Registrants’ service territories, mitigation measures have included quarantines, stay-at-home orders, travel restrictions, reduced operations or closures of businesses, schools and governmental agencies, and executive, legislative or regulatory actions to address health or other pandemic-related concerns. Many restrictions that had been imposed have been lifted but may be reenacted in the future. These actions have the potential to adversely impact the Registrants' business and operations, especially if these measures remain in effect for a prolonged period of time.

To date, there has been no material impact on the Registrants’ operations, financial condition, liquidity or on their supply chain as a result of COVID-19; however, the duration and severity of the outbreak and its ultimate effects on the global economy, the financial markets, or the Registrants’ workforce, customers and suppliers are uncertain. A protracted slowdown of broad sectors of the economy, prolonged or pervasive restrictions on businesses and their workforces, or significant changes in legislation or regulatory policy to address the COVID-19 pandemic all present significant risks to the Registrants. These or other unpredictable events resulting from the pandemic could reduce customer demand for electricity and gas, impact the Registrants’ employees and supply chains, result in an increase in certain costs, delay payments or increase bad debts, or result in changes in the fair value of their assets and liabilities, which could materially and adversely affect the Registrants’ business, results of operations, financial condition or liquidity.

15. Related Party Transactions

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 and vice versa. 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, LG&E and KU)*

PPL Services, PPL EU Services, prior to its merger into PPL Services as of December 31, 2021, and LKS provide the Registrants and each other with administrative, management and support services. For all services companies, the costs of directly assignable and attributable services are charged to the respective recipients as direct support costs. General costs that cannot be directly attributed to a specific entity are allocated and charged to the respective 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. PPL Services may also use a ratio of overall direct and indirect costs or a weighted average cost ratio. 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.

	2021	2020	2019
PPL Electric from PPL Services	$ 54	$ 50	$ 59
PPL Electric from PPL EU Services	222	176	152
LG&E from LKS	169	170	160
KU from LKS	179	180	178

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 PPL and LG&E and KU are reimbursed through LKS.

Intercompany Borrowings

(PPL Electric)

PPL Energy Funding maintains a $1,200 million revolving line of credit with a PPL Electric subsidiary. At December 31, 2021, PPL Energy Funding had borrowings outstanding in the amount of $499 million. This balance is reflected in "Notes receivable from affiliate" on the PPL Electric balance sheet. No balance was outstanding at December 31, 2020. The interest rates on borrowings are equal to one-month LIBOR plus a spread. Interest income is reflected in "Interest Income from Affiliate" on the Income Statements.

(LG&E)

LG&E participates in an intercompany money pool agreement whereby LKE and/or KU make available to LG&E funds up to the difference between LG&E's FERC borrowing limit and LG&E's commercial paper limit at an interest rate based on the lower of a market index of commercial paper issues and two additional rate options based on LIBOR. LG&E's money pool borrowing limit is $325 million. At December 31, 2021, LG&E had borrowings outstanding from LKE in the amount of $324 million. This balance is reflected in "Notes payable with affiliates" on the LG&E balance sheets. No balances were outstanding at December 31, 2020.

(KU)

KU participates in an intercompany money pool agreement whereby LKE and/or LG&E make available to KU funds up to the difference between KU's FERC borrowing limit and KU's commercial paper limit at an interest rate based on the lower of a market index of commercial paper issues and two additional rate options based on LIBOR. KU's money pool borrowing limit is $300 million. At December 31, 2021, KU had borrowings outstanding from LKE in the amount of $294 million. This balance is reflected in "Notes payable with affiliates" on the KU balance sheets. No balances were outstanding at December 31, 2020.

VEBA Funds Receivable *(PPL Electric)*

In May 2018, PPL received a favorable private letter ruling from the IRS permitting a transfer of excess funds from the PPL Bargaining Unit Retiree Health Plan VEBA to a new subaccount within the VEBA, to be used to pay medical claims of active bargaining unit employees. Based on PPL Electric's participation in PPL’s Other Postretirement Benefit plan, PPL Electric was allocated a portion of the excess funds from PPL Services. These funds have been recorded as an intercompany receivable on the Balance Sheets. The receivable balance decreases as PPL Electric pays incurred medical claims and is reimbursed by PPL Services. The intercompany receivable balance associated with these funds was $11 million as of December 31, 2021, of which $10 million was reflected in "Accounts receivable from affiliates" and $1 million was reflected in "Other noncurrent assets" on the Balance Sheets. The intercompany receivable balance associated with these funds was $22 million as of December 31, 2020, of which $10 million was reflected in "Accounts receivable from affiliates" and $12 million was reflected in "Other noncurrent assets" on the Balance Sheets.

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

See Note 1 for discussions regarding the intercompany tax sharing agreement (for PPL Electric, LG&E and KU) and intercompany allocations of stock-based compensation expense (for PPL Electric). For PPL Electric, LG&E and KU, see Note 12 for discussions regarding intercompany allocations associated with defined benefits.

16. Other Income (Expense) - net

(PPL)

The components of "Other Income (Expense) - net" for the years ended December 31, were:

	2021	2020	2019
Other Income			
Defined benefit plans - non-service credits (Note 12)	$ 21	$ (2)	$ 8
Interest income	12	9	15
AFUDC - equity component	18	20	23
Miscellaneous	10	7	7
Total Other Income	61	34	53
Other Expense			
Charitable contributions	14	3	17
Miscellaneous	32	29	22
Total Other Expense	46	32	39
Other Income (Expense) - net	$ 15	$ 2	$ 14

(PPL Electric)

The components of "Other Income (Expense) - net" for the years ended December 31, were:

	2021	2020	2019
Other Income			
Defined benefit plans - non-service credits (Note 12)	$ 9	$ 4	$ 4
Interest income	—	2	2
AFUDC - equity component	18	19	23
Total Other Income	27	25	29
Other Expense			
Charitable contributions	3	3	3
Miscellaneous	3	4	1
Total Other Expense	6	7	4
Other Income (Expense) - net	$ 21	$ 18	$ 25

17. 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. 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, 2021				December 31, 2020			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
PPL								
Assets								
Cash and cash equivalents	$ 3,571	$ 3,571	$ —	$ —	$ 442	$ 442	$ —	$ —
Restricted cash and cash equivalents (a)	1	1	—	—	1	1	—	—
Special use funds (a):								
Money market fund	2	2	—	—	—	—	—	—
Commingled debt fund measured at NAV (b)	22	—	—	—	26	—	—	—
Commingled equity fund measured at NAV (b)	21	—	—	—	25	—	—	—
Total special use funds	45	2	—	—	51	—	—	—
Total assets	$ 3,617	$ 3,574	$ —	$ —	$ 494	$ 443	$ —	$ —
Liabilities								
Price risk management liabilities (c):								
Interest rate swaps	$ 18	$ —	$ 18	$ —	$ 23	$ —	$ 23	$ —
Total price risk management liabilities	$ 18	$ —	$ 18	$ —	$ 23	$ —	$ 23	$ —
PPL Electric								
Assets								
Cash and cash equivalents	$ 21	$ 21	$ —	$ —	$ 40	$ 40	$ —	$ —
Total assets	$ 21	$ 21	$ —	$ —	$ 40	$ 40	$ —	$ —
LG&E								
Assets								
Cash and cash equivalents	$ 9	$ 9	$ —	$ —	$ 7	$ 7	$ —	$ —
Total assets	$ 9	$ 9	$ —	$ —	$ 7	$ 7	$ —	$ —
Liabilities								
Price risk management liabilities:								
Interest rate swaps	$ 18	$ —	$ 18	$ —	$ 23	$ —	$ 23	$ —
Total price risk management liabilities	$ 18	$ —	$ 18	$ —	$ 23	$ —	$ 23	$ —
KU								
Assets								
Cash and cash equivalents	$ 13	$ 13	$ —	$ —	$ 22	$ 22	$ —	$ —
Total assets	$ 13	$ 13	$ —	$ —	$ 22	$ 22	$ —	$ —

(a) Current portion is included in "Other current assets" and long-term portion is included in "Other noncurrent assets" on the Balance Sheets.
(b) In accordance with accounting guidance, certain investments that are measured at fair value using net asset value per share (NAV), or its equivalent, 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.
(c) Current portion is included in "Other current liabilities" and noncurrent portion is included in "Other deferred credits and noncurrent liabilities" on the Balance Sheets.

Special Use Funds

(PPL)

The special use funds are investments restricted for paying active union employee medical costs. In 2018, PPL received a favorable private letter ruling from the IRS permitting a transfer of excess funds from the PPL Bargaining Unit Retiree Health Plan VEBA to a new subaccount within the VEBA to be used to pay medical claims of active bargaining unit employees. The funds are invested primarily in commingled debt and equity funds measured at NAV and are classified as investments in equity securities. Changes in the fair value of the funds are recorded to the Statement of Income.

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

To manage interest rate risk, PPL, 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.

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. 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, 2021		December 31, 2020	
	Carrying Amount (a)	Fair Value	Carrying Amount (a)	Fair Value
PPL	$ 11,140	$ 12,955	$ 14,689	$ 17,774
PPL Electric	4,484	5,272	4,236	5,338
LG&E	2,006	2,363	2,007	2,499
KU	2,618	3,120	2,618	3,334

(a) Amounts are net of debt issuance costs.

The carrying amounts of other current financial instruments (except for long-term debt due within one year) approximate their fair values because of their short-term nature.

18. 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 Senior Director-Risk Management, 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, interest rates and foreign currency exchange rates. Many of these 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. Prior to the sale of the U.K. utility business on June 14, 2021, PPL and WPD held 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. PPL and LG&E utilize 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, prior to the sale of the U.K. utility business on June 14, 2021, for certain plans at WPD due to the recovery methods in place.

Foreign Currency Risk (PPL)

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

(All Registrants)

Commodity Price Risk

PPL is exposed to commodity price risk through its domestic subsidiaries as described below.

- PPL Electric is required to purchase electricity to fulfill its obligation as a PLR. Potential commodity price risk is insignificant and mitigated through its PUC-approved cost recovery mechanism and full-requirement supply agreements to serve its PLR customers which transfer the risk to energy suppliers.
- LG&E's and KU's rates include certain mechanisms for fuel, fuel-related expenses and energy purchases. In addition, LG&E's rates include a mechanism for natural gas supply expenses. These mechanisms generally provide for timely recovery of market price fluctuations associated with these expenses.

Volumetric Risk

Volumetric risk is the risk related to the changes in volume of retail sales due to weather, economic conditions or other factors. PPL is exposed to volumetric risk through its subsidiaries as described below.

- WPD was exposed to volumetric risk which was significantly mitigated as a result of the method of regulation in the U.K.
- PPL Electric, LG&E and KU are exposed to volumetric risk on retail sales, mainly due to weather and other economic conditions for which there is limited mitigation between rate cases.

Equity Securities Price Risk

- PPL and its subsidiaries are exposed to equity securities price risk associated with the fair value of the defined benefit plans' assets. This risk is significantly mitigated due to the recovery methods 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" transactions with counterparties, as well as additional credit risk through certain of its subsidiaries, as discussed below.

In the event a supplier of PPL Electric, LG&E or KU defaults on its obligation, those Registrants 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, thereby 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 *(PPL, LG&E and KU)*

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 had no obligation and an immaterial obligation to return cash collateral under master netting arrangements at December 31, 2021 and 2020.

PPL had no obligation to post cash collateral under master netting arrangements at December 31, 2021 and 2020.

LG&E and KU had no obligation to return cash collateral under master netting arrangements at December 31, 2021 and 2020.

LG&E and KU had no cash collateral posted under master netting arrangements at December 31, 2021 and 2020.

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. A variety of financial derivative instruments are utilized to adjust the mix of fixed and floating interest rates in their debt portfolios, adjust the duration of the debt portfolios 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. In addition, the interest rate risk of certain subsidiaries is potentially mitigated as a result of the existing regulatory framework or the timing of rate cases.

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. PPL had no such contracts at December 31, 2021.

As of December 31, 2021, PPL had no aggregate notional value in cross-currency interest rate swap contracts. In March 2021, $500 million of WPD's U.S. dollar-denominated senior notes were repaid prior to maturity and $500 million notional value of cross-currency interest rate swap contracts matured.

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.

For 2021, 2020 and 2019, PPL had no cash flow hedges reclassified into earnings associated with discontinued cash flow hedges.

At December 31, 2021, the amount of accumulated net unrecognized after-tax gains (losses) on qualifying derivatives expected to be reclassified into earnings during the next 12 months is insignificant. Amounts are reclassified as the hedged interest expense is recorded.

Economic Activity *(PPL and LG&E)*

LG&E enters into interest rate swap contracts that economically hedge interest payments. Because realized gains and losses from the swaps, including terminated swap contracts, 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, 2021, LG&E held contracts with a notional amount of $64 million that mature in 2033.

Foreign Currency Risk

(PPL)

PPL was 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, including the sale of its U.K utility business and net investments. In addition, PPL entered into financial instruments to protect against foreign currency translation risk of expected GBP earnings.

Net Investment Hedges

PPL entered into foreign currency contracts on behalf of a subsidiary to protect the value of a portion of its net investment in WPD. There were no contracts outstanding at December 31, 2021.

At December 31, 2020, PPL had $33 million of accumulated net investment hedge after tax gains (losses) that were included in the foreign currency translation adjustment component of AOCI. The remaining balance was transferred out of AOCI and
realized in discontinued operations as a result of the sale of the U.K. utility business.

Economic Activity

PPL entered into foreign currency contracts on behalf of subsidiaries to economically hedge foreign-denominated anticipated earnings and anticipated transactions, including the sale of its U.K. utility business.

Accounting and Reporting

(All Registrants)

All derivative instruments are recorded at fair value on the Balance Sheet as an asset or liability unless the Normal Purchase Normal Sale scope exception (NPNS) is elected. NPNS contracts include certain full-requirement purchase contracts and other physical purchase contracts. Changes in the fair value of derivatives not designated as NPNS are recognized in earnings unless specific hedge accounting criteria are met and designated as such, except for the changes in fair values of LG&E's interest rate swaps that are recognized as regulatory assets or regulatory liabilities. See Note 7 for amounts recorded in regulatory assets and regulatory liabilities at December 31, 2021 and 2020.

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:

	December 31, 2021				December 31, 2020			
	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)	$ —	$ —	$ —	$ 1	$ —	$ —	$ —	$ 2
Cross-currency swaps (c)	—	—	—	—	94	—	—	—
Foreign currency contracts (c)	—	—	—	—	—	—	—	137
Total current	—	—	—	1	94	—	—	139
Noncurrent:								
Price Risk Management								
Assets/Liabilities (a):								
Interest rate swaps (b)	—	—	—	17	—	—	—	21
Cross-currency swaps (c)	—	—	—	—	52	—	—	—
Total noncurrent	—	—	—	17	52	—	—	21
Total derivatives	$ —	$ —	$ —	$ 18	$ 146	$ —	$ —	$ 160

(a) Current portion is included in "Price risk management assets" and "Other current liabilities" and noncurrent portion is included in "Price risk management assets" and "Other deferred credits and noncurrent liabilities" on the Balance Sheets.
(b) Excludes accrued interest, if applicable.
(c) Included in "Current assets held for sale" and "Current liabilities held for sale" on the Balance Sheet.

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	Location of Gain (Loss) Recognized in Income on Derivative	Gain (Loss) Reclassified from AOCI into Income
2021			
Cash Flow Hedges:			
Interest rate swaps	$ —	Interest Expense	$ 11
		Income (Loss) from Discontinued operations (net of taxes)	(2)
Cross-currency swaps	(50)	Income (Loss) from Discontinued operations (net of taxes)	(39)
Total	$ (50)		$ (30)
Net Investment Hedges:			
Foreign currency contracts in Discontinued operations	$ 1		
2020			
Cash Flow Hedges:			
Interest rate swaps	$ (9)	Interest Expense	$ (8)
		Income (Loss) from Discontinued operations (net of taxes)	(2)
Cross-currency swaps	(15)	Income (Loss) from Discontinued operations (net of taxes)	(22)
Total	$ (24)		$ (32)
Net Investment Hedges:			
Foreign currency contracts in Discontinued operations	$ 1		
2019			
Cash Flow Hedges:			
Interest rate swaps	$ (30)	Interest Expense	$ (9)
Cross-currency swaps	17	Income (Loss) from Discontinued operations (net of taxes)	(9)
Total	$ (13)		$ (18)
Net Investment Hedges:			
Foreign currency contracts in Discontinued operations	$ 2		

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	2021	2020	2019
Foreign currency contracts	Income (Loss) from Discontinued Operations (net of taxes)	$ (266)	$ (98)	$ (14)
Interest rate swaps	Interest Expense	(2)	(5)	(5)
	Total	$ (268)	$ (103)	$ (19)

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized as Regulatory Liabilities/Assets	2021	2020	2019
Interest rate swaps	Regulatory assets - noncurrent	$ 5	$ (2)	$ (1)

The following table presents the effect of cash flow hedge activity on the Statement of Income for the year ended December 31, 2021:

	Location and Amount of Gain (Loss) Recognized in Income on Hedging Relationships	
	Interest Expense	Income (Loss) from Discontinued Operations (net of income taxes)
Total income and expense line items presented in the income statement in which the effect of cash flow hedges are recorded	$ 918	$ (1,498)
The effects of cash flow hedges:		
Gain (Loss) on cash flow hedging relationships:		
Interest rate swaps:		
Amount of gain (loss) reclassified from AOCI to income	11	(2)
Cross-currency swaps:		
Hedged items	—	39
Amount of gain (loss) reclassified from AOCI to income	—	(39)

The following table presents the effect of cash flow hedge activity on the Statement of Income for the year ended December 31, 2020:

	Location and Amount of Gain (Loss) Recognized in Income on Hedging Relationships	
	Interest Expense	Income (Loss) from Discontinued Operations (net of income taxes)
Total income and expense line items presented in the income statement in which the effect of cash flow hedges are recorded	$ 634	$ 829
The effects of cash flow hedges:		
Gain (Loss) on cash flow hedging relationships:		
Interest rate swaps:		
Amount of gain (loss) reclassified from AOCI to income	(8)	(2)
Cross-currency swaps:		
Hedged items	—	22
Amount of gain (loss) reclassified from AOCI to income	—	(22)

The following table presents the effect of cash flow hedge activity on the Statement of Income for the year ended December 31,2019:

	Location and Amount of Gain (Loss) Recognized in Income on Hedging Relationships	
	Interest Expense	Income (Loss) from Discontinued Operations (net of income taxes)
Total income and expense line items presented in the income statement in which the effect of cash flow hedges are recorded	$ 621	$ 1,010
The effects of cash flow hedges:		
Gain (Loss) on cash flow hedging relationships:		
Interest rate swaps:		
Amount of gain (loss) reclassified from AOCI to income	(9)	—
Cross-currency swaps:		
Hedged items	—	9
Amount of gain (loss) reclassified from AOCI to income	—	(9)

(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, 2021		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Current:				
Price Risk Management				
Assets/Liabilities:				
Interest rate swaps	$ —	$ 1	$ —	$ 2
Total current	—	1	—	2
Noncurrent:				
Price Risk Management				
Assets/Liabilities:				
Interest rate swaps	—	17	—	21
Total noncurrent	—	17	—	21
Total derivatives	$ —	$ 18	$ —	$ 23

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)	2021	2020	2019
Interest rate swaps	Interest Expense	$ (2)	$ (5)	$ (5)

Derivative Instruments	Location of Gain (Loss)	2021	2020	2019
Interest rate swaps	Regulatory assets - noncurrent	$ 5	$ (2)	$ (1)

(PPL, LG&E and KU)

Offsetting Derivative Instruments

PPL, 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, 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, 2021								
Treasury Derivatives								
PPL	$ —	$ —	$ —	$ —	$ 18	$ —	$ —	$ 18
LG&E	—	—	—	—	18	—	—	18
December 31, 2020								
Treasury Derivatives								
PPL	$ 146	$ 34	$ —	$ 112	$ 160	$ 34	$ —	$ 126
LG&E	—	—	—	—	23	—	—	23

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, 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, 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)

At December 31, 2021, there were no 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.

19. Goodwill and Other Intangible Assets

Goodwill

(PPL)

Goodwill for the Kentucky Regulated segment was $662 million at December 31, 2021 and 2020. Goodwill for Corporate and Other was $53 million at December 31, 2021 and 2020. 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, 2021		December 31, 2020	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Subject to amortization:				
Contracts (a)	$ 125	$ 90	$ 125	$ 82
Land rights and easements	406	135	401	133
Licenses and other	20	6	21	4
Total subject to amortization	551	231	547	219
Not subject to amortization due to indefinite life:				
Land rights and easements	17	—	17	—
Other	6	—	6	—
Total not subject to amortization due to indefinite life	23	—	23	—
Total	$ 574	$ 231	$ 570	$ 219

(a) Gross carrying amount in 2021 and 2020 includes the fair value at the acquisition date of the OVEC power purchase contract with terms favorable to market recognized as a result of the 2010 acquisition of LKE by PPL.

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:

	2021	2020	2019
Intangible assets with no regulatory offset	$ 9	$ 7	$ 6
Intangible assets with regulatory offset	8	8	9
Total	$ 17	$ 15	$ 15

Amortization expense for each of the next five years is estimated to be:

	2022	2023	2024	2025	2026
Intangible assets with no regulatory offset	$ 5	$ 5	$ 5	$ 5	$ 5
Intangible assets with regulatory offset	8	8	9	9	2
Total	$ 13	$ 13	$ 14	$ 14	$ 7

(PPL Electric)

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

	December 31, 2021		December 31, 2020	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Subject to amortization:				
Land rights and easements	$ 382	$ 130	$ 379	$ 129
Licenses and other	2	1	2	1
Total subject to amortization	384	131	381	130
Not subject to amortization due to indefinite life:				
Land rights and easements	17	—	17	—
Total	$ 401	$ 131	$ 398	$ 130

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

Amortization expense was as follows:

	2021	2020	2019
Intangible assets with no regulatory offset	$ 4	$ 4	$ 4

Amortization expense for each of the next five years is estimated to be:

	2022	2023	2024	2025	2026
Intangible assets with no regulatory offset	$ 4	$ 4	$ 4	$ 4	$ 4

(LG&E)

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

	December 31, 2021		December 31, 2020	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Subject to amortization:				
Land rights and easements	$ 7	$ 1	$ 7	$ 1
OVEC power purchase agreement (a)	86	62	86	57
Total subject to amortization	$ 93	$ 63	$ 93	$ 58

(a) 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 7 for additional information.

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

Amortization expense was as follows:

	2021	2020	2019
Intangible assets with regulatory offset	$ 5	$ 6	$ 6

Amortization expense for each of the next five years is estimated to be:

	2022	2023	2024	2025	2026
Intangible assets with regulatory offset	$ 6	$ 6	$ 6	$ 6	$ 1

(KU)

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

	December 31, 2021		December 31, 2020	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Subject to amortization:				
Land rights and easements	$ 16	$ 4	$ 15	$ 3
OVEC power purchase agreement (a)	39	28	39	25
Total subject to amortization	$ 55	$ 32	$ 54	$ 28

(a) 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 7 for additional information.

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

Amortization expense was as follows:

	2021	2020	2019
Intangible assets with no regulatory offset	$ 1	$ —	$ —
Intangible assets with regulatory offset	3	2	3

Amortization expense for each of the next five years is estimated to be:

	2022	2023	2024	2025	2026
Intangible assets with regulatory offset	$ 2	$ 2	$ 3	$ 3	$ 1

20. Asset Retirement Obligations

(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, LG&E and KU)

PPL's, LG&E's and KU's ARO liabilities are primarily related to CCR closure costs. See Note 14 for information on the CCR rule. 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. For LG&E and KU, all ARO accretion and depreciation expenses are reclassified as a regulatory asset or regulatory liability. ARO regulatory assets associated with certain CCR projects are amortized to expense in accordance with regulatory approvals. For other AROs, deferred accretion and depreciation expense is recovered through cost of removal.

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

	PPL		LG&E		KU	
	2021	2020	2021	2020	2021	2020
ARO at beginning of period	$ 182	$ 215	$ 67	$ 73	$ 115	$ 142
Accretion	16	15	5	5	11	10
Changes in estimated timing or cost	56	40	40	13	16	27
Obligations settled	(65)	(88)	(28)	(24)	(37)	(64)
ARO at end of period	$ 189	$ 182	$ 84	$ 67	$ 105	$ 115

21. Accumulated Other Comprehensive Income (Loss)

(PPL)

The after-tax changes in AOCI by component for the years ended December 31 were as follows:

			Defined benefit plans		
	Foreign currency translation adjustments	Unrealized gains (losses) on qualifying derivatives	Prior service costs	Actuarial gain (loss)	Total
PPL					
December 31, 2018	$ (1,533)	$ (7)	$ (19)	$ (2,405)	$ (3,964)
Amounts arising during the year	108	(11)	(1)	(592)	(496)
Reclassifications from AOCI	—	13	2	87	102
Net OCI during the year	108	2	1	(505)	(394)
December 31, 2019	$ (1,425)	$ (5)	$ (18)	$ (2,910)	$ (4,358)
Amounts arising during the year	267	(19)	(1)	(341)	(94)
Reclassifications from AOCI	—	24	3	205	232
Net OCI during the year	267	5	2	(136)	138
December 31, 2020	$ (1,158)	$ —	$ (16)	$ (3,046)	$ (4,220)

	Foreign currency translation adjustments	Unrealized gains (losses) on qualifying derivatives	Defined benefit plans: Prior service costs	Defined benefit plans: Actuarial gain (loss)	Total
Amounts arising during the year	372	(39)	—	(1)	332
Reclassifications from AOCI	—	25	2	126	153
Reclassifications from AOCI due to the sale of the U.K. utility business (Note 9)	786	15	8	2,769	3,578
Net OCI during the year	1,158	1	10	2,894	4,063
December 31, 2021	$ —	$ 1	$ (6)	$ (152)	$ (157)

The following table presents PPL's gains (losses) and related income taxes for reclassifications from AOCI for the years ended December 31, 2021, 2020 and 2019. 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 12 for additional information.

Details about AOCI	PPL 2021	PPL 2020	PPL 2019	Affected Line Item on the Statements of Income
Qualifying derivatives				
Interest rate swaps	$ 11	$ (8)	$ (9)	Interest Expense
	(2)	(2)	—	Income (Loss) from Discontinued Operations (net of income taxes)
Cross-currency swaps	(39)	(22)	(9)	Income (Loss) from Discontinued Operations (net of income taxes)
Total Pre-tax	(30)	(32)	(18)	
Income Taxes	5	8	5	
Total After-tax	(25)	(24)	(13)	
Defined benefit plans				
Prior service costs	(3)	(4)	(3)	
Net actuarial loss	(159)	(256)	(109)	
Total Pre-tax	(162)	(260)	(112)	
Income Taxes	34	52	23	
Total After-tax	(128)	(208)	(89)	
Sale of the U.K. utility business (Note 9)				
Foreign currency translation adjustments	(646)	—	—	Income (Loss) from Discontinued Operations (net of income taxes)
Qualifying derivatives	(15)	—	—	Income (Loss) from Discontinued Operations (net of income taxes)
Defined benefit plans	(3,577)	—	—	Income (Loss) from Discontinued Operations (net of income taxes)
Total Pre-tax	(4,238)	—	—	
Income Taxes	660	—	—	
Total After-tax	(3,578)	—	—	
Total reclassifications during the year	$ (3,731)	$ (232)	$ (102)	

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

PPL Corporation, PPL Electric Utilities Corporation, 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, 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, 2021, 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, 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.

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 December 31, 2021. The effectiveness of our internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report contained on page 64.

PPL Electric Utilities Corporation, Louisville Gas and Electric Company and Kentucky Utilities Company

Management of PPL's non-accelerated filer companies, PPL Electric, 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, 2021. This annual report does not include an attestation report of Deloitte & Touche 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 Corporation, PPL Electric Utilities Corporation, Louisville Gas and Electric Company and Kentucky Utilities Company

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

PPL Corporation, PPL Electric Utilities Corporation, Louisville Gas and Electric Company and Kentucky Utilities Company

Not applicable.

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" and "Board Committees - Board Committee Membership" in PPL's 2022 Notice of Annual Meeting and Proxy Statement, which will be filed with the SEC not later than 120 days after December 31, 2021, and which information is incorporated herein by reference. There have been no changes to the procedures by which shareowners may recommend nominees to PPL's Board of Directors since the filing with the SEC of PPL's 2021 Notice of Annual Meeting and Proxy Statement except that on October 22, 2021, PPL's Board of Directors approved and adopted amendments to the Bylaws of the Company, which now require that, to be properly considered, nominations must be submitted to the Company during a window of 90 to 120 days before the first anniversary of the prior year's annual meeting (Article III, Section 3.16).

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, LG&E and KU). The "Standards of Integrity" are posted on PPL's Internet website: www.pplweb.com/governance. 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/governance.

PPL Electric Utilities Corporation, Louisville Gas and Electric Company and Kentucky Utilities Company

Item 10 is omitted as PPL Electric, 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, 2021.

PPL Corporation

Name	Age	Positions Held During the Past Five Years	Dates
Vincent Sorgi	50	President and Chief Executive Officer	June 2020 - present
		President and Chief Operating Officer	July 2019 - May 2020
		Executive Vice President and Chief Financial Officer	January 2019 - June 2019
		Senior Vice President and Chief Financial Officer	June 2014 - January 2019
Joseph P. Bergstein, Jr.	51	Executive Vice President and Chief Financial Officer	April 2021 - present
		Senior Vice President and Chief Financial Officer	July 2019 - April 2021
		Vice President-Investor Relations and Corporate Development & Planning	January 2018 - June 2019
		Vice President-Investor Relations and Treasurer	January 2016 - December 2017
Gregory N. Dudkin	64	Executive Vice President and Chief Operating Officer	April 2021 - present
		President-PPL Electric	March 2012 - April 2021
Angela K. Gosman (a)	53	Senior Vice President and Chief Human Resources Officer	January 2022 - present
		Vice President and Chief Human Resources Officer-PPL Services	August 2021 - December 2021
		Vice President - Human Resources-PPL EU Services	May 2020 - July 2021
		Director - Human Resources-LKE	September 2016 - May 2020
Wendy E. Stark (b)	49	Senior Vice President, General Counsel and Corporate Secretary	April 2021 - present
Stephanie R. Raymond (c)	51	President-PPL Electric	April 2021 - present
		Vice President-Distribution Operations	January 2018 - April 2021
		Vice President-Transmission and Substations	January 2014 - December 2017
John R. Crockett III (c)	57	President-LKE	October 2021 - present
		General Counsel, Chief Compliance Officer and Corporate Secretary	January 2018 - September 2021
Marlene C. Beers	50	Vice President and Controller	March 2019 - present
		Vice President-Finance and Regulatory Affairs and Controller-PPL Electric	August 2018 - February 2019
		Controller-PPL Electric	February 2016 - July 2018
Tadd J. Henninger	46	Vice President-Finance and Treasurer	July 2019 - present
		Vice President and Treasurer	January 2018 - July 2019
		Assistant Treasurer	December 2015 - December 2017

(a) Angela K. Gosman was designated as an executive officer by the Compensation Committee of the Board of Directors of PPL Corporation in December 2021 to be effective in January 2022.

(b) Effective January 1, 2022, Wendy E. Stark was elected Senior Vice President, General Counsel, Corporate Secretary and Chief Legal Officer of PPL Corporation.
(c) Designated an executive officer of PPL by virtue of their respective positions at a PPL subsidiary.

ITEM 11. EXECUTIVE COMPENSATION

PPL Corporation

Information for this item will be set forth in the sections entitled "The Board's Role in Risk Oversight," "Compensation of Directors" and "Executive Compensation" in PPL's 2022 Notice of Annual Meeting and Proxy Statement, which will be filed with the SEC not later than 120 days after December 31, 2021, and which information is incorporated herein by reference.

PPL Electric Utilities Corporation, Louisville Gas and Electric Company and Kentucky Utilities Company

Item 11 is omitted as PPL Electric, 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 2022 Notice of Annual Meeting and Proxy Statement, which will be filed with the SEC not later than 120 days after December 31, 2021, and which information is incorporated herein by reference. In addition, provided below in tabular format is information as of December 31, 2021, 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)**	29,624 – ICP 55,153 – SIP 681,225 – ICPKE 766,002 – Total	$ 25.41 – ICP $ 26.59 – SIP $ 26.62 – ICPKE $ 26.57 – Combined	1,355,369 – DDCP 9,691,708 – SIP 626,110 – ICPKE 11,673,187 – 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 SIP approved by shareowners in 2017 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 11 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, 2021. In addition, as of December 31, 2021, the following other securities had been awarded and are outstanding under the ICP, SIP, ICPKE and DDCP: 161,988 restricted stock units, 425,309 TSR performance awards and

508,860 ROE performance awards under the SIP; 842,595 restricted stock units 208,464 TSR performance awards and 213,493 ROE performance awards under the ICPKE; and 685,170 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, 15,000,000 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, Louisville Gas and Electric Company and Kentucky Utilities Company

Item 12 is omitted as PPL Electric, 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 "Board of Directors - Independence of Directors" and "Transactions with Related Persons" in PPL's 2022 Notice of Annual Meeting and Proxy Statement, which will be filed with the SEC not later than 120 days after December 31, 2021 and is incorporated herein by reference.

PPL Electric Utilities Corporation, Louisville Gas and Electric Company and Kentucky Utilities Company

Item 13 is omitted as PPL Electric, 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 2021 and 2020" in PPL's 2022 Notice of Annual Meeting and Proxy Statement, which will be filed with the SEC not later than 120 days after December 31, 2021, and which information is incorporated herein by reference.

PPL Electric Utilities Corporation

For the fiscal years ended 2021 and 2020, Deloitte & Touche LLP (Deloitte) served as PPL Electric's independent auditor. The following table presents an allocation of fees billed, including expenses, by the independent auditor to PPL Electric, for professional services rendered for the audits of PPL Electric's annual financial statements and for fees billed for other services rendered by Deloitte.

	2021	2020
	(in thousands)	
Audit fees (a)	$ 1,345	$ 1,737
Audit-related fees (b)	17	16

(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) Fees for agreed-upon procedures related to annual EPA filings.

Louisville Gas and Electric Company

For the fiscal years ended 2021 and 2020, Deloitte served as LG&E's independent auditor. The following table presents an allocation of fees billed, including expenses, by the independent auditor to LG&E, for professional services rendered for the audits of LG&E's annual financial statements and for fees billed for other services rendered by Deloitte.

	2021	2020
	(in thousands)	
Audit fees (a)	$ 952	$ 832
Other	—	5

(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

For the fiscal years ended 2021 and 2020, Deloitte served as KU's independent auditor. The following table presents an allocation of fees billed, including expenses, by the independent auditor to KU, for professional services rendered for the audits of KU's annual financial statements and for fees billed for other services rendered by Deloitte.

		2021		2020
		(in thousands)		
Audit fees (a)	$	928	$	955
Other		—		6

(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, 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 2021 and 2020 services provided by Deloitte.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

PPL Corporation, PPL Electric Utilities Corporation, 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.

   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 Meeting: The 2022 annual meeting of shareowners of PPL will be held on Wednesday, May 18, 2022 in a virtual meeting format.

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 28, 2022. The latest proxy statement can be accessed at www.pplweb.com/PPLCorpProxy.

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 28, 2022. The latest annual report can be accessed at www.pplweb.com/PPLCorpProxy.

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 2022 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 mail:
PPL Treasury Dept.
Two North Ninth Street
Allentown, PA 18101

By email: invserv@pplweb.com

By telephone:
610-774-5151 or Toll-free at 1-800-345-3085

Online Account Access: Registered shareowners can activate their account for online access by visiting shareowneronline.com.

Direct Stock Purchase and Dividend Reinvestment Plans (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)

Fiscal Agents:

Transfer Agent and Registrar; Dividend Disbursing Agent; Plan Administrator
Equiniti Trust Company
Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120

Toll Free: 1-800-345-3085
Outside U.S.: 651-450-4064
Website: shareowneronline.com

Indenture Trustee
The Bank of New York Mellon
Corporate Trust Administration
500 Ross Street
Pittsburgh, PA 15262

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)	-	Distribution Agreement, dated February 23, 2018, by and among PPL Corporation and J.P. Morgan Securities, LLC, Barclays Capital Inc., Citigroup Global Markets Inc., JPMorgan Chase Bank, National Association, London Branch, Barclays Bank PLC and Citibank N.A. (Exhibit 1.1 to PPL Corporation Form 8-K Report (File No. 1-11459) dated February 23, 2018)
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)
2(c)	-	Share Purchase Agreement, dated as of March 17, 2021, by and among PPL WPD Limited, National Grid Holdings One plc and National Grid plc. (Exhibit 2.1 to PPL Corporation Form 8-K Report (File No. 1-11459) dated March 18, 2021)
2(d)-1	-	Share Purchase Agreement, dated as of March 17, 2021, by and among PPL Energy Holdings, LLC, PPL Corporation (solely as guarantor), and National Grid USA (Exhibit 2.2 to PPL Corporation Form 8-K Report (File No. 1-11459) dated March 18, 2021)
2(d)-2	-	Assignment and Assumption Agreement, dated as of May 3, 2021, by and among PPL Energy Holdings, LLC, PPL Corporation, National Grid USA and PPL Rhode Island Holdings, LLC (Exhibit 2(b)-2 to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended March 31, 2021)
2(e)	-	Tax Deed, dated as of June 9, 2021, by and among PPL WPD Limited, National Grid Holdings One plc (Exhibit 2.1 to PPL Corporation Form 8-K Report (File No. 1-11459) dated June 14, 2021)
3(a)	-	Amended and Restated Articles of Incorporation of PPL Corporation, effective as of May 25, 2016 (Exhibit 3(i) to PPL Corporation Form 8-K Report (File No. 1-11459) dated May 26, 2016)
3(b)	-	Bylaws of PPL Corporation, effective as of October 22, 2021 (Exhibit 3(ii) to PPL Corporation Form 8-K Report (File No. 1-11459) dated October 28, 2021)
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(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)-1	-	Amended and Restated Employee Stock Ownership Plan, dated December 1, 2016 (Exhibit 4(a) to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2016)
4(a)-2	-	Amendment No. 1 to PPL Employee Stock Ownership Plan, dated October 2, 2017 (Exhibit 4(c) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended September 30, 2017)
4(a)-3	-	Amendment No. 2 to PPL Employee Stock Ownership Plan, dated December 1, 2018 (Exhibit 4(a)-3 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2018)
4(a)-4	-	Amendment No. 3 to PPL Employee Stock Ownership Plan, dated January 1, 2019 (Exhibit 4(a)-4 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2018)
4(b)-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(b)-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(b)-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(b)-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(b)-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(b)-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(b)-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(b)-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(b)-9	-	Supplemental Indenture No. 15, dated as of May 17, 2016, to said Indenture (Exhibit 4(b) to PPL Corporation Form 8-K Report (File No. 1-11459) dated May 17, 2016)
4(b)-10	-	Supplemental Indenture No. 16, dated as of September 8, 2017, to said Indenture (Exhibit 4(b) to PPL Corporation Form 8-K Report (File No. 1-11459) dated September 6, 2017)
4(b)-11	-	Supplemental Indenture No. 17, dated as of April 1, 2020, to said Indenture (Exhibit 4(b) to PPL Corporation Form 8-K Report (File No. 1-11459) dated April 3, 2020)
4(c)-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(c)-2	-	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(c)-3	-	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(c)-4	-	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(c)-5	-	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(c)-6	-	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(c)-7	-	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(c)-8	-	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(c)-9	-	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(c)-10	-	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(c)-11	-	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(c)-12	-	Supplemental Indenture No. 17, dated as of October 1, 2015, to said Indenture (Exhibit 4(a) to PPL Electric Utilities Corporation Form 8-K Report (File No. 1-905) dated October 1, 2015)
4(c)-13	-	Supplemental Indenture No. 18, dated as of March 1, 2016, to said Indenture (Exhibit 4(c) to PPL Electric Utilities Corporation Form 8-K Report (File No. 1-905) dated March 10, 2016)
4(c)-14	-	Supplemental Indenture No. 19, dated as of May 1, 2017, to said Indenture (Exhibit 4(a) to PPL Electric Utilities Corporation Form 8-K Report (File No. 1-905) dated May 11, 2017)

4(c)-15	-	Supplemental Indenture No. 20, dated as of June 1, 2018, to said Indenture (Exhibit 4(a) to PPL Corporation Form 8-K Report (File No. 1-11459) dated June 14, 2018)
4(c)-16	-	Supplemental Indenture No. 21, dated as of September 1, 2019, to said Indenture (Exhibit 4(a) to PPL Corporation Form 8-K Report (File No. 1-11459) dated September 6, 2019)
4(c)-17	-	Supplemental Indenture No. 22, dated as of September 15, 2020, to said Indenture (Exhibit 4(a) to PPL Corporation Form 8-K Report (File No. 1-11459) dated October 1, 2020)
4(c)-18	-	Supplemental Indenture No. 23, dated as of June 15, 2020, to said Indenture (Exhibit 4(a) to PPL Corporation Form 8-K Report (File No. 1-11459) dated June 24, 2021)
4(d)-1	-	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(d)-2	-	Pollution Control Facilities Loan Agreement, dated as of March 1, 2016, between PPL Electric Utilities Corporation and the Lehigh County Industrial Development Authority (Exhibit 4(a) to PPL Electric Utilities Corporation Form 8-K Report (File No. 1-905) dated March 10, 2016)
4(d)-3	-	Pollution Control Facilities Loan Agreement, dated as of March 1, 2016, between PPL Electric Utilities Corporation and the Lehigh County Industrial Development Authority (Exhibit 4(b) to PPL Electric Utilities Corporation Form 8-K Report (File No. 1-905) dated March 10, 2016)
4(e)-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(e)-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(e)-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(f)-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(f)-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(f)-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(f)-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(f)-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(f)-6	-	Supplemental Indenture No. 5, dated as of August 1, 2016, to said Indenture (Exhibit 4(b) to Kentucky Utilities Company Form 8-K Report (File No. 1-3464) dated August 26, 2016)

4(f)-7	-	Supplemental Indenture No. 6, dated as of August 1, 2018, to said Indenture (Exhibit 4(a) to PPL Corporation 10-Q Report (File No. 1-11459) for the quarter ended September 30, 2018)
4(f)-8	-	Supplemental Indenture No. 7, dated as of March 1, 2019, to said Indenture (Exhibit 4(b) to PPL Corporation Form 8-K Report (File No. 1-11459) dated April 1, 2019)
4(f)-9	-	Supplemental Indenture No. 8, dated as of May 15, 2020, to said Indenture (Exhibit 4(a) to PPL Corporation Form 8-K Report (File No. 1-11459) dated June 3, 2020)
4(g)-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(g)-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(g)-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(g)-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(g)-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(g)-6	-	Supplemental Indenture No. 5, dated as of September 1, 2016, to said Indenture (Exhibit 4(b) to Louisville Gas and Electric Company Form 8-K (File No. 1-2893) dated September 15, 2016)
4(g)-7	-	Supplemental Indenture No. 6, dated as of May 15, 2017, to said Indenture (Exhibit 4(b) to Louisville Gas and Electric Company Form 8-K Report (File No. 1-2893) dated June 1, 2017)
4(g)-8	-	Supplemental Indenture No. 7, dated as of March 1, 2019, to said Indenture (Exhibit 4(a) to PPL Corporation Form 8-K Report (File No. 1-11459) dated April 1, 2019)
4(h)-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(h)-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(i)-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(i)-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(j)-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(j)-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(k)-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(k)-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(l)-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(l)-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(m)	-	2016 Series A Carroll County Loan Agreement dated as of August 1, 2016 between Kentucky Utilities Company and the County of Carroll, Kentucky (Exhibit 4(a) to Kentucky Utilities Company Form 8-K Report (File No. 1-3464) dated August 26, 2016)
4(n)-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(n)-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(o)-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(o)-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(p)-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(p)-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(q)	-	2018 Series A Carroll County Loan Agreement, dated as of August 1, 2018, by and between Kentucky Utilities Company and County of Carroll, Kentucky (Exhibit 4(b) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended September 30, 2018)

4(r)-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(r)-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(s)-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(s)-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(t)-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(t)-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(u)-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(u)-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(v)-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(v)-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(w)	-	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(x)-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(x)-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(y)	-	2017 Series A Trimble County Loan Agreement, dated as of June 1, 2017, by and between Louisville Gas and Electric Company and the County of Trimble, Kentucky (Exhibit 4(a) to Louisville Gas and Electric Company Form 8-K Report (File No. 1-2893) dated June 1, 2017)
4(z)-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(z)-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(aa)	-	2016 Series A Trimble County Loan Agreement dated as of September 1, 2016 between Louisville Gas and Electric Company and the County of Trimble, Kentucky (Exhibit 4(a) to Louisville Gas and Electric Company Form 8-K (File No. 1-2893) dated September 15, 2016)
4(bb)	-	Description of PPL Corporation's common stock, par value $0.01 per share (Exhibit 4(qq) to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2020)
4(cc)	-	Description of PPL Capital Funding, Inc.'s Junior Subordinated Notes 2007 Series A due 2067, as guaranteed by PPL Corporation (Exhibit 4(rr) to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2019)
4(dd)	-	Description of PPL Electric Utilities Corporation's common stock, no par value per share (Exhibit 4(tt) to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2019)
10(a)-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(a)-2	-	First Amendment to said Revolving Credit Agreement, dated as of March 17, 2015 (Exhibit 10(c)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2015)
10(a)-3	-	Second Amendment to said Revolving Credit Agreement, dated as of March 17, 2016 (Exhibit 10(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended June 30, 2016)
10(a)-4	-	Third Amendment to said Revolving Credit Agreement, dated as of March 17, 2017 (Exhibit 10(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended March 31, 2017)
10(a)-5	-	Fourth Amendment to said Revolving Credit Agreement, dated as of March 16, 2018 (Exhibit 10(b)-5 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2018)
10(a)-6	-	Fifth Amendment to said Revolving Credit Agreement, dated as of March 8, 2019 (Exhibit 10.2 to PPL Corporation Form 8-K Report (File No. 11459) dated March 8, 2019)
10(a)-7	-	Sixth Amendment to said Revolving Credit Agreement, dated as of March 12, 2020 (Exhibit 10(e) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended March 31, 2020)
*10(a)-8	-	Seventh Amendment to said Revolving Credit Agreement, dated as of March 9, 2021
10(b)	-	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(c)	-	Confirmation of Forward Sale Transaction, dated May 8, 2018, between the Company and JPMorgan Chase Bank, National Association, London Branch (Exhibit 10.1 to PPL Corporation Form 8-K Report (File No. 1-11459) dated May 11, 2018)
10(d)	-	Confirmation of Forward Sale Transaction, dated May 8, 2018, between the Company and Barclays Bank PLC (Exhibit 10.2 to PPL Corporation Form 8-K Report (File No. 1-11459) dated May 11, 2018)
10(e)	-	Additional Confirmation of Forward Sale Transaction, dated May 10, 2018, between the Company and JPMorgan Chase Bank, National Association, London Branch (Exhibit 10.3 to PPL Corporation Form 8-K Report (File No. 1-11459) dated May 11, 2018)
10(f)	-	Additional Confirmation of Forward Sale Transaction, dated May 8, 2018, between the Company and Barclays Bank PLC (Exhibit 10.4 to PPL Corporation Form 8-K Report (File No. 1-11459) dated May 11, 2018)
10(g)-1	-	$50,000,000 Revolving Credit Agreement, dated as of March 12, 2020, among PPL Capital Funding, Inc., as Borrower, PPL Corporation, as Guarantor, and The Bank of Nova Scotia, as Administrative Agent and Lender (Exhibit 10(d) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended March 31, 2020)
*10(g)-2	-	First Amendment to said Revolving Credit Agreement, dated as of March 9, 2021
10(h)	-	$1,250,000,000 Amended and Restated Revolving Credit Agreement dated as of December 6, 2021 among PPL Capital Funding, Inc., as Borrower, PPL Corporation, as Guarantor, the Lenders party thereto and Wells Fargo, National Association, as Administrative Agent, Issuing Lender and Swingline Lender (Exhibit 10.1 to PPL Corporation Form 8-K Report (File No. 1-11459) dated December 6, 2021)
10(i)	-	$650,000,000 Amended and Restated Revolving Credit Agreement dated as of December 6, 2021 among PPL Electric Utilities Corporation, as Borrower, the Lenders party thereto and Wells Fargo, National Association, as Administrative Agent, Issuing Lender and Swingline Lender (Exhibit 10.2 to PPL Corporation Form 8-K Report (File No. 1-11459) dated December 6, 2021)
10(j)	-	$500,000,000 Amended and Restated Revolving Credit Agreement dated as of December 6, 2021 among Louisville Gas and Electric Company, as Borrower, the Lenders party thereto and Wells Fargo, National Association, as Administrative Agent, Issuing Lender and Swingline Lender (Exhibit 10.3 to PPL Corporation Form 8-K Report (File No. 1-11459) dated December 6, 2021)
10(k)	-	$400,000,000 Amended and Restated Revolving Credit Agreement dated as of December 6, 2021 among Kentucky Utilities Company, as Borrower, the Lenders party thereto and Wells Fargo, National Association, as Administrative Agent, Issuing Lender and Swingline Lender (Exhibit 10.4 to PPL Corporation Form 8-K Report (File No. 1-11459) dated December 6, 2021)
[_]10(l)-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(l)-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(l)-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(l)-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(l)-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(l)-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(l)-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(m)-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(m)-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(m)-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. 1-11459) for the quarter ended March 31, 2007)
[_]10(m)-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(m)-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(n)-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(n)-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(n)-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(n)-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(n)-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(n)-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(n)-7	-	Amendment No. 6 to said Executive Deferred Compensation Plan, dated as of December 16, 2015 (Exhibit [_]10(q)-7 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2015)
[_]10(n)-8	-	Amendment No. 7 to said Executive Deferred Compensation Plan, dated as of January 1, 2019 (Exhibit [_]10(x)-8 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2018)
*[_]10(n)-9	-	Amendment No. 8 to said Executive Deferred Compensation Plan, dated as of December 20, 2021
[_]10(o)-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(o)-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(o)-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(o)-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(o)-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(o)-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(o)-7	-	Amendment No. 6 to the Amended and Restated Supplemental Executive Retirement Plan, dated March 23, 2018 (Exhibit 10(g) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended March 31, 2018)
[_]10(p)-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(p)-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(p)-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(p)-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(p)-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(p)-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(p)-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(p)-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(p)-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(q)	-	Amended and Restated Incentive Compensation Plan for Key Employees, effective October 25, 2018 (Exhibit 10(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended September 30, 2018)
[_]10(r)	-	Short-term Incentive Plan (Annex B to Proxy Statement of PPL Corporation, dated April 12, 2016)
[_]10(s)	-	Form of Change in Control Severance Protection Agreement entered into between PPL Corporation and Joseph P. Bergstein, Jr., John R. Crockett III, Gregory N. Dudkin, Angela K. Gosman, Stephanie R. Raymond, Vincent Sorgi, Wendy E. Stark (Exhibit 10(b) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended March 31, 2012)
[_]10(t)-1	-	PPL Corporation Amended and Restated 2012 Stock Incentive Plan, effective October 25, 2018 (Exhibit 10(b) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended September 30, 2018)
[_]10(t)-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(t)-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(t)-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(t)-5	-	Form of Total Shareholder Return Performance Unit Agreement for performance units under the Amended and Restated 2012 Stock Incentive Plan (Exhibit 10(dd)-5 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2017)
[_]10(t)-6	-	Form of Return on Equity Performance Unit Agreement for performance units under the Amended and Restated 2012 Stock Incentive Plan (Exhibit 10(dd)-6 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2017)
[_]10(u)	-	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(v)	-	Form of Western Power Distribution Phantom Stock Option Award Agreement for stock option awards under the Western Power Distribution Long-Term Incentive Plan (Exhibit [_]10(bbb)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2014)
[_]10(y)	-	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)

[_]10(z)		Amended and Restated Personal Contract dated August 13, 2013, between Western Power Distribution (South West) plc and Philip Swift (Exhibit [_]10(kk)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2018)
[_]10(aa)		Ill-Health Retirement Arrangement letter agreement dated March 2, 2016, between Western Power Distribution (South West) plc and Philip Swift (Exhibit [_]10(kk)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2018)
[_]10(bb)		Pension Arrangement letter agreement dated March 2, 2016, between Western Power Distribution (South West) plc and Philip Swift (Exhibit [_]10(kk)-3 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2018)
[_]10(cc)	-	Transition and Retirement Agreement dated August 12, 2021, by and among Paul W. Thompson, LG&E and KU Services Company, and PPL Corporation (Exhibit [_]10(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended September 30, 2021)
*[_]10(dd)-1	-	Transition Incentive Award letter agreement dated August 21, 2020, between PPL Corporation and Philip Swift
*[_]10(dd)-2	-	Transition Incentive Award Amendment letter agreement dated February 8, 2021, between PPL Corporation and Philip Swift
*[_]10(ee)	-	Form of Earnings Growth Performance Unit Agreement for performance units under the Amended and Restated 2012 Stock Incentive Plan
*[_]10(ff)	-	Form of Environmental, Social and Governance Performance Unit Agreement for performance units under the Amended and Restated 2012 Stock Incentive Plan
*[_]10(gg)	-	Offer Letter dated March 6, 2021, between PPL Corporation and Wendy E. Stark
*21	-	Subsidiaries of PPL Corporation
*23(a)	-	Consent of Deloitte & Touche LLP - PPL Corporation
*23(b)	-	Consent of Deloitte & Touche LLP - PPL Electric Utilities Corporation
*23(c)	-	Consent of Deloitte & Touche LLP - Louisville Gas and Electric Company
*23(d)	-	Consent of Deloitte & Touche 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 LG&E's principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31(f)	-	Certificate of LG&E's principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31(g)	-	Certificate of KU's principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31(h)	-	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 LG&E's principal executive officer and principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*32(d)	-	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 Electric Utilities Corporation, Louisville Gas and Electric Company and Kentucky Utilities Company - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	-	XBRL Taxonomy Extension Schema for PPL Corporation, PPL Electric Utilities Corporation, Louisville Gas and Electric Company and Kentucky Utilities Company
101.CAL	-	XBRL Taxonomy Extension Calculation Linkbase for PPL Corporation, PPL Electric Utilities Corporation, Louisville Gas and Electric Company and Kentucky Utilities Company
101.DEF	-	XBRL Taxonomy Extension Definition Linkbase for PPL Corporation, PPL Electric Utilities Corporation, Louisville Gas and Electric Company and Kentucky Utilities Company
101.LAB	-	XBRL Taxonomy Extension Label Linkbase for PPL Corporation, PPL Electric Utilities Corporation, Louisville Gas and Electric Company and Kentucky Utilities Company

101.PRE	-	XBRL Taxonomy Extension Presentation Linkbase for PPL Corporation, PPL Electric Utilities Corporation, Louisville Gas and Electric Company and Kentucky Utilities Company
104		The Cover Page Interactive Data File is formatted as Inline XBRL and contained in Exhibits 101.

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/ Vincent Sorgi
Vincent Sorgi -
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/ Vincent Sorgi
Vincent Sorgi -
President and Chief Executive Officer
and Director
(Principal Executive Officer)

/s/ Joseph P. Bergstein, Jr.
Joseph P. Bergstein, Jr. -
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

/s/ Marlene C. Beers
Marlene C. Beers -
Vice President and Controller
(Principal Accounting Officer)

Directors:

Arthur P. Beattie	Natica von Althann
Steven G. Elliott	Keith H. Williamson
Venkata Rajamannar Madabhushi	Phoebe A. Wood
Heather B. Redman	Armando Zagalo de Lima
Craig A. Rogerson	

/s/ Vincent Sorgi
Vincent Sorgi, Attorney-in-fact

February 18, 2022

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/ Stephanie R. Raymond
Stephanie R. Raymond -
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/ Stephanie R. Raymond
Stephanie R. Raymond -
President
(Principal Executive Officer)

/s/ Stephen K. Breininger
Stephen K. Breininger -
Vice President-Finance and Regulatory Affairs and Controller
(Principal Financial Officer and Principal Accounting Officer)

Directors:

/s/ Joseph P. Bergstein, Jr.	/s/ Vincent Sorgi
Joseph P. Bergstein, Jr.	Vincent Sorgi
/s/ Gregory N. Dudkin	/s/ Wendy E. Stark
Gregory N. Dudkin	Wendy E. Stark
/s/ Stephanie R. Raymond	
Stephanie R. Raymond	

Date: February 18, 2022

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/ John R. Crockett III
John R. Crockett III -
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/ John R. Crockett III
John R. Crockett III -
President
(Principal Executive Officer)

/s/ Kent W. Blake
Kent W. Blake -
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Directors:

/s/ Lonnie E. Bellar	/s/ John R. Crockett III
Lonnie E. Bellar	John R. Crockett III
/s/ Joseph P. Bergstein, Jr.	/s/ Gregory N. Dudkin
Joseph P. Bergstein, Jr.	Gregory N. Dudkin
/s/ Kent W. Blake	
Kent W. Blake	

Date: February 18, 2022

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/ John R. Crockett III
John R. Crockett III -
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/ John R. Crockett III
John R. Crockett III -
President
(Principal Executive Officer)

/s/ Kent W. Blake
Kent W. Blake -
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Directors:

/s/ Lonnie E. Bellar	/s/ John R. Crockett III
Lonnie E. Bellar	John R. Crockett III
/s/ Joseph P. Bergstein, Jr.	/s/ Gregory N. Dudkin
Joseph P. Bergstein, Jr.	Gregory N. Dudkin
/s/ Kent W. Blake	
Kent W. Blake	

Date: February 18, 2022

Execution Version

FIRST AMENDMENT TO REVOLVING CREDIT AGREEMENT

THIS FIRST AMENDMENT TO REVOLVING CREDIT AGREEMENT, dated as of March 9, 2021 (this "Amendment"), to the Existing Credit Agreement (as defined below) is made by PPL CAPITAL FUNDING, INC., a Delaware corporation (the "Borrower"), PPL CORPORATION, a Pennsylvania corporation (the "Guarantor"), and The Bank of Nova Scotia, as the Lender (such capitalized term and other capitalized terms used in this preamble and the recitals below to have the meanings set forth in, or are defined by reference in, Article I below).

W I T N E S S E T H:

WHEREAS, the Borrower, the Guarantor, and The Bank of Nova Scotia, as the Lender, are all parties to the Revolving Credit Agreement, dated as of March 12, 2020 (as amended or otherwise modified prior to the date hereof, the "Existing Credit Agreement", and as amended by this Amendment and as the same may be further amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"); and

WHEREAS, the Borrower has requested that the Lender amend the Existing Credit Agreement in order to extend the maturity date therein and the Lender is willing to modify the Existing Credit Agreement on the terms and subject to the conditions hereinafter set forth;

NOW, THEREFORE, the parties hereto hereby covenant and agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.1. Certain Definitions. The following terms when used in this Amendment shall have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Amendment" is defined in the preamble.

"Borrower" is defined in the preamble.

"Credit Agreement" is defined in the first recital.

"Existing Credit Agreement" is defined in the first recital.

"Guarantor" is defined in the preamble.

SECTION 1.2. Other Definitions. Terms for which meanings are provided in the Existing Revolving Credit Agreement are, unless otherwise defined herein or the context otherwise requires, used in this Amendment with such meanings.

ARTICLE II
AMENDMENTS TO THE EXISTING CREDIT AGREEMENT

Effective as of the date hereof, but subject to the satisfaction of the conditions in Article III,

(a) Section 1.01 of the Existing Credit Agreement is hereby amended by amending and restating the following definition in its entirety as follows:

"“Termination Date” means March 9, 2022."

(b) Sections 5.04(a), 5.04(c), 5.05 and 5.13 of the Existing Credit Agreement are hereby amended by replacing references to “December 31, 2019” with “December 31, 2020”.

ARTICLE III
CONDITIONS TO EFFECTIVENESS

This Amendment and the amendments contained herein shall become effective as of the date hereof when each of the conditions set forth in this Article III shall have been fulfilled to the satisfaction of the Administrative Agent.

SECTION 3.1. Counterparts. The Lender shall have executed this Amendment and shall have received counterparts hereof executed on behalf of the Borrower and the Guarantor.

SECTION 3.2. Costs and Expenses, etc. The Lender shall have received for its account all fees, costs and expenses due and payable pursuant to Section 8.03 of the Credit Agreement, if then invoiced.

SECTION 3.3. Resolutions, etc. The Lender shall have received from the Borrower and the Guarantor (i) a copy of a good standing certificate for such Loan Party, dated a date reasonably close to the date hereof and (ii) a certificate, dated as of the date hereof, of a Secretary or an Assistant Secretary of each Loan Party certifying (a) that attached thereto is a true, correct and complete copy of (x) the articles or certificate of incorporation of such Loan Party certified by the Secretary of State (or equivalent body) of the jurisdiction of incorporation of such Loan Party and (y) the bylaws of such Loan Party, and (b) that attached thereto is a true, correct and complete copy of resolutions adopted by the board of directors of such Loan Party authorizing the execution, delivery and performance of this Amendment and each other document delivered in connection herewith and that such resolutions have not been amended and are in full force.

SECTION 3.4. Opinion of Counsel. The Lender shall have received an opinion, dated the date hereof and addressed to the Lender, from counsel to the Borrower, in form and substance satisfactory to the Lender.

SECTION 3.5. Satisfactory Legal Form. The Lender and its counsel shall have received all information, and such counterpart originals or such certified or other copies of such materials, as the Lender or its counsel may reasonably request, and all legal matters incident to the effectiveness of this Amendment shall be satisfactory to the Lender and its counsel. All documents executed or submitted pursuant hereto or in connection herewith shall be reasonably satisfactory in form and substance to the Lender and its counsel.

ARTICLE IV
MISCELLANEOUS

SECTION 4.1. Cross-References. References in this Amendment to any Article or Section are, unless otherwise specified, to such Article or Section of this Amendment.

SECTION 4.2. Loan Document Pursuant to Existing Credit Agreement. This Amendment is a Loan Document executed pursuant to the Existing Credit Agreement and shall (unless otherwise expressly indicated therein) be construed, administered and applied in accordance with all of the terms and provisions of the Existing Credit Agreement, as amended hereby, including Article VIII thereof.

SECTION 4.3. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 4.4. Counterparts. This Amendment may be executed by the parties hereto in several counterparts, each of which when executed and delivered shall be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Amendment. The words "execution," "signed," "signature," and words of similar import in this Amendment or any notice, certificate, document, agreement or instrument in respect thereof shall be deemed to include electronic or digital signatures or the keeping of records in electronic form, each of which shall be of the same effect, validity and enforceability as manually executed signatures or a paper-based recordkeeping system, as the case may be, to the extent and as provided for under applicable law, including the Electronic Signatures in Global and National Commerce Act of 2000, the Electronic Signatures and Records Act of 1999, or any other similar state Laws based on the Uniform Electronic Transactions Act.

SECTION 4.5. Governing Law. THIS AMENDMENT WILL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

SECTION 4.6. Full Force and Effect; Limited Amendment. Except as expressly amended hereby, all of the representations, warranties, terms, covenants, conditions and other provisions of the Existing Credit Agreement and the Loan Documents shall remain unchanged and shall continue to be, and shall remain, in full force and effect in accordance with their respective terms. The amendments set forth herein shall be limited precisely as provided for herein to the provisions expressly amended herein and shall not be deemed to be an amendment to, waiver of, consent to or modification of any other term or provision of the Existing Credit Agreement or any other Loan Document or of any transaction or further or future action on the part of any Obligor which would require the consent of the Lender under the Existing Credit Agreement or any of the Loan Documents.

SECTION 4.7. Representations and Warranties. In order to induce the Lender to execute and deliver this Amendment, the Borrower and Guarantor each hereby represents and warrants to the Lender, on the date this Amendment becomes effective pursuant to Article III, that both before and after giving effect to this Amendment, all representations and warranties set forth in Article V of the Credit Agreement are true and correct as of such date, except to the extent that any such statement expressly relates to an earlier date (in which case such statement was true and correct on and as of such earlier date).

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first above written.

PPL CAPITAL FUNDING, INC., as the Borrower

By: Tadd Henninger
Name: Tadd J. Henninger
Title: Vice President and Treasurer

PPL CORPORATION, as the Guarantor

By: Tadd Henninger
Name: Tadd J. Henninger
Title: Vice President- Finance and Treasurer

THE BANK OF NOVA SCOTIA, as the Lender

By:______________________________
Name: David Dewar
Title: Director

Vincent Sorgi
President and Chief Executive Officer
vsorgi@pplweb.com

PPL Corporation
Two North Ninth Street
Allentown, PA 18101-1179
Tel. 610.774.5151
www.pplweb.com

August 21, 2020

PERSONAL and CONFIDENTIAL

Western Power Distribution
Attn: Mr. Philip Swift
Avonbank, Feeder Road
Bristol BS2 0TB
Great Britain

Dear Phil:

This confirms our discussions regarding your invaluable contributions to PPL and your ongoing leadership of WPD especially now and through the completion of Project Vortex. As you are aware, your outstanding long-term incentive grants are subject to forfeiture under the terms of your award agreement upon completion of Project Vortex. With my recommendation, the Compensation Committee, in its discretion, has authorized the vesting of long-term incentive grants held by you, including any additional grants you will receive in 2021, upon Completion of the Transaction as defined in the transition incentive award agreement as follows:

1. Restricted Stock Units outstanding will vest in full based on the closing price of PPL common stock in the New York Stock Exchange on the Completion Date, and
2. Performance Units outstanding will vest in full at the targeted level of performance based on the closing price of PPL common stock in the New York Stock Exchange on the Completion Date.

Additionally, to recognize your significant role in shepherding an expedited, efficient and cooperative diligence process, as well as your continued commitment to PPL and WPD through the transaction completion, the Compensation Committee approved my recommendation of the Transition Incentive Award described in more detail in the attached agreement. Please return a signed copy to Tom Lynch.

Thank you for your continued dedication to PPL and to WPD.

Sincerely,

Vincent Sorgi

Vincent Sorgi
President and Chief Executive Officer
PPL Corporation

Vincent Sorgi
President and Chief Executive Officer
vsorgi@pplweb.com

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PRIVATE AND CONFIDENTIAL

Philip Swift
The Old Rectory
St John's Road
Slimbridge
Gloucestershire
GL2 7BJ

August 21, 2020

Transition Incentive Award

Dear Phil:

The purpose of this letter is to confirm the terms of the offer to you by PPL Corporation (the "**Company**") of a one-time special incentive award (payable in up to two instalments of fifty percent (50%) each) in connection with a possible transaction involving Western Power Distribution plc and its affiliated companies (collectively, "**WPD**").

Any capitalized terms used but not defined in this letter agreement shall have the meanings given to them in paragraph 9 of this letter agreement.

1. **Transition Incentive Award**: Subject to the satisfaction of the conditions set out in this letter, you shall be eligible to receive a transition incentive award of up to £1,491,000 in total (subject to such deductions and withholdings as required by law) ("**Award**"). The Award does not accrue in the course of a year, and there will be no entitlement to payment of the Award, or any instalment or pro-rata portion of it, if the conditions set out in this letter are not fulfilled. The Award shall not form part of your contractual remuneration for any purpose, and shall not oblige the Company or any Group Company to make any further award payments to you.

2. **Payment of Award**: Subject to the conditions set out in this letter agreement, the Award shall be paid in up to two instalments of fifty percent (50%) each: the first within seven (7) days following the date on which documents giving effect to the Transaction are signed ("**First Instalment**"), and the second within thirty (30) days following Completion ("**Second Instalment**"). Each of the First Instalment and Second Instalment of the Award shall be paid by bank transfer into your nominated account, and shall be paid subject to the deduction and withholding of PAYE and national insurance contributions and any such other amounts (on account of tax or similar liabilities) as may be required by law or as the Company may reasonably consider to be necessary or desirable.

3. **Eligibility for Award:**

3.1 Your eligibility for the Award is subject to and conditional upon you returning an executed copy of this letter agreement to Thomas J. Lynch by September 1, 2020.

3.2 Your eligibility for the First Instalment is further subject and conditional upon:

(a) documents giving effect to the Transaction being signed on or before December 31, 2021

(b) you having performed your duties as a director and employee of Western Power Distribution (South West) plc ("**WPD (South West)**") to the Company's reasonable satisfaction, including having provided such cooperation and assistance to the Group Company as the Company may reasonably require as part of or in connection with the process of negotiating the Transaction with the Buyer;

(c) you having not given notice of termination of your employment with WPD (South West) or given notice of resignation of your office as director of WPD (South West) or any other Group Company as at the date for payment of the First Instalment;

(d) the Company or any Group Company not having terminated your employment, or given you notice of termination of your employment, for cause, including without limitation, your failure to provide services to a Group Company to the Company's reasonable satisfaction, prior to the date for payment of the First Instalment; and

(e) an assessment made by the Company, in its sole discretion, of the extent to which the aims of the Transaction have been realised as at the date for payment of the First Instalment and your personal contribution towards achieving those results.

3.3 Your eligibility for the Second Instalment is further subject to and conditioned upon:

(a) the Company and/or the Buyer (as applicable) obtaining any and all necessary consents or approvals required under any relevant and applicable UK or overseas regulation or enactment;

(b) Completion occurring on or before December 31, 2022;

(c) you having performed your duties as a director and employee of WPD (South West) to the Company's reasonable satisfaction, including having provided such cooperation and assistance to the Group Company as the Company may reasonably require as part of or in connection with the process of effecting Completion of the Transaction;

(d) you having not given notice of termination of your employment with WPD (South West) or given notice of resignation of your office as director of WPD (South West) or any other Group Company as at the date for payment of the Second Instalment;

(e) the Company or any Group Company not having terminated your employment, or given you notice of termination of your employment, for cause, including without limitation your failure to provide services to a Group Company to the Company's reasonable satisfaction, prior to the date for payment of the Second Instalment; and

(f) an assessment made by the Company in its sole discretion, of the extent to which the aims of the Transaction have been realised as at the date for payment of the Second Instalment and your personal contribution towards achieving those results.

4. **Confidentiality**: You must not disclose any information contained in this letter agreement to anyone, other than to your or the Company's or WPD's lawyers or financial advisors or your immediate family members, in each case to the extent necessary to administer this letter agreement, to enforce this letter agreement, or to respond to a valid legal or regulatory process; provided that any such disclosure by you to your lawyers, financial advisors, or immediate family members shall be conditioned on your first informing such persons that they must keep this letter agreement and its contents confidential.

5. **Entire Agreement**: This letter agreement constitutes the entire agreement between the parties in relation to its subject matter and supersedes any previous agreement or understanding between the parties relating thereto. This letter agreement may not be modified or amended unless in writing signed by both parties.

6. **Rights of Third Parties**: The Contracts (Rights of Third Parties) Act 1999 shall only apply to this agreement in relation to any Group Company. No person other than the parties to this agreement and any Group Company shall have any rights under it and it will not be enforceable by any person other than those parties.

7. **Governing law**: This letter agreement shall be governed by and construed in accordance with the laws of England and Wales and the parties submit to the exclusive jurisdiction of the courts of England and Wales in relation to any dispute arising in connection hereto.

8. **Counterparts**: This letter agreement may be executed through the use of separate signature pages or in any number of counterparts, with the same effect as if the parties executing such counterparts had executed one counterpart.

9. **Definitions:** In this letter agreement the following terms shall have the meanings set out below:

"**Buyer**" means an entity or entities which acquire direct or indirect interests of WPD pursuant to a Transaction.

"**Completion**" means the closing of a Transaction pursuant to and in accordance with the agreement to be entered into between the Company or an affiliate and the Buyer where a direct or indirect change in control of WPD has been achieved.

"**Group Company**" means Western Power Distribution plc, its group undertakings (as defined in section 1161 of the Companies Act 2006) or any associated company (as defined in section 449 of the Corporation Tax Act 2010) of Western Power Distribution plc or any group undertaking including any of their predecessors, successors or assigns or any company which is designated at any time a Group Company by the directors of the board of Western Power Distribution plc or any holding company and any firm, company, corporate or other organisation that:

(a) is directly or indirectly controlled by Western Power Distribution plc;

(b) directly or indirectly controls Western Power Distribution plc; or

(c) is directly or indirectly controlled by a third party who also directly or indirectly controls Western Power Distribution plc.

Personal Contract means Your Personal Contract dated 5 December 1997, as amended from time to time including on 13 August 2013.

"**Transaction**" means any transaction or series of transactions which results in the Company selling or disposing of direct or indirect control of WPD. For the purpose of this definition, the Company will be deemed not to have control of WPD if it is no longer able to secure that the affairs of WPD are conducted in accordance with their wishes by means of the holding of shares, or the possession of voting power, in or in relation to WPD or any other body corporate, or as a result of any powers conferred by the articles of association or any other document regulating WPD or any other body corporate.

All other terms and conditions of employment as contained in the Personal Contract or in any other documents or agreements to which you are subject, shall remain in full force and effect. Nothing in this letter shall affect the Company's or any Group Company's rights under your Personal Contract or such other documents, or oblige the Company or any Group Company to continue your employment so as to entitle you to receive the benefits set out in this letter.

The Award was authorised and approved by the Compensation Committee of the Board of Directors of the Company on July 23, 2020.

Please sign a copy of this letter in the space indicated below to confirm your acceptance of these terms and return the signed copy to Tom Lynch.

We thank you for your dedication and commitment to the Company and look forward to working with you further.

Yours sincerely,

Vincent Sorgi

Vincent Sorgi
President and Chief Executive Officer

Accepted and Agreed: Philip Smith
Name: PHILIP SWIFT
Date: 26-08-2020

Vincent Sorgi
President and Chief Executive Officer
vsorgi@pplweb.com

PPL Corporation
Two North Ninth Street
Allentown, PA 18101-1179
Tel. 610.774.5151
www.pplweb.com

PRIVATE AND CONFIDENTIAL

Philip Swift
The Old Rectory
St John's Road
Slimbridge
Gloucestershire
GL2 7BJ

February 8, 2021

Transition Incentive Award Amendment

Dear Phil:

The Transition Incentive Award dated August 21, 2020 by PPL Corporation (the "**Company**") is hereby modified by amending and restating Section 1 thereof as follows:

1. **Transition Incentive Award:** Subject to the satisfaction of the conditions set out in this letter, you shall be eligible to receive a transition incentive award of up to **£1,786,050** in total (subject to such deductions and withholdings as required by law) ("**Award**"). The Award does not accrue in the course of a year, and there will be no entitlement to payment of the Award, or any instalment or pro-rata portion of it, if the conditions set out in this letter are not fulfilled. The Award shall not form part of your contractual remuneration for any purpose, and shall not oblige the Company or any Group Company to make any further award payments to you.

All other terms and conditions of employment as contained in the Transition Incentive Award, Personal Contract or in any other documents or agreements to which you are subject, shall remain in full force and effect. Nothing in this letter shall affect the Company's or any Group Company's rights under your Personal Contract or such other documents, or oblige the Company or any Group Company to continue your employment so as to entitle you to receive the benefits set out in this letter.

The Award was authorised and approved by the Compensation Committee of the Board of Directors of the Company by Unanimous Written Consent dated February 8, 2021.

Please sign a copy of this amendment in the space indicated below to confirm your acceptance of these amended terms and return a copy to me.

We thank you for your dedication and commitment to the Company and look forward to working with you further.

Yours sincerely,

Vincent Sorgi
Vincent Sorgi
President and Chief Executive Officer

Accepted and Agreed:
Philip Swift
Philip Swift

PPL Corporation
Amended and Restated 2012 Stock Incentive Plan
Performance Unit Agreement

PERFORMANCE UNIT AGREEMENT (the "Agreement") dated as of the Date of Grant set forth in the Notice of Grant (as defined below), by and between PPL Corporation, a Pennsylvania corporation (the "Company"), and the participant whose name appears on the Notice of Grant (the "Participant").

1. Grant of Stock Based Award. Subject to the terms and conditions of this Agreement (including vesting conditions):

   (a) The Company hereby evidences and confirms its grant to the Participant, effective as of the Date of Grant, of the number of stock based units contingent upon Company financial performance (the "Performance Units") specified in the Notice of Grant attached hereto as Exhibit A and made a part hereof ("Notice of Grant").

   (b) Dividend Equivalent Grants.

      (i) If on any date while the Performance Units are outstanding hereunder the Company shall pay any cash dividend on its shares of Common Stock, the Participant shall be granted, as of the applicable dividend payment date, a "Cash Dividend Equivalent Award" which shall represent a future contingent right to a number of shares of Common Stock (rounded down to the nearest whole share) with a current Fair Market Value equal to the product of (x) the number of "Total Performance Units" (as defined below) held by the Participant hereunder as of the related dividend record date, multiplied by (y) the amount of such cash dividend per share of Common Stock, rounded to the nearest whole cent. Any Cash Dividend Equivalent Award shall be subject to the same payment terms and conditions as the corresponding Performance Units to which they relate.

      (ii) If on any date while the Performance Units are outstanding hereunder the Company shall pay any dividend on its shares of Common Stock in the form of shares of Common Stock, the Participant shall be granted, as of the applicable dividend payment date, the contingent right to a future number of shares of Common Stock, equal to the product of (x) the number of Total Performance Units held by the Participant hereunder as of the related dividend record date, multiplied by (y) the number of shares of Common Stock (including any fraction thereof) payable as a dividend on one share of Common Stock, rounded down to the nearest whole Unit.

      (iii) At any point in time, the total number of shares of Common Stock of all Performance Units, Cash Dividend Equivalent Awards, and rights to the stock dividends, if any, referred to in Section 1(b)(ii) above, shall be defined as "Total Performance Units."

   (c) This Agreement and the Total Performance Units granted hereunder are subject to all of the terms and conditions of the PPL Corporation Amended and Restated 2012

Stock Incentive Plan (the "Plan"), as amended from time to time, which are incorporated by reference herein. If there is any inconsistency between the terms hereof and the terms of the Plan, the terms of the Plan shall govern. Any capitalized terms used herein without definition shall have the meanings set forth in the Plan.

2. Vesting of Total Performance Units.

(a) Vesting In General. The Total Performance Units will vest subject to satisfaction of the Performance Vesting Condition and Service Vesting Condition as described below in this Section 2.

(b) Performance Vesting Condition. The proportion of the Total Performance Units that satisfy the Performance Vesting Condition shall be based on the extent of the achievement of the performance goals ("Goals") established by the Committee for the "Performance Period" (as set forth in the Notice of Grant). Promptly after the conclusion of the Performance Period, the Committee will determine the extent to which the Goals have been satisfied. Based on the Committee's determination, (A) the Total Performance Units will satisfy the Performance Vesting Condition as and to the extent set forth in the Notice of Grant, and (B) the portion of the Total Performance Units, if any, that do not satisfy the Performance Vesting Condition shall be immediately forfeited and cancelled by the Company without any consideration.

(c) Service Vesting Condition.

(i) General. The Service Vesting Condition shall be satisfied if the Participant continues employment through the "Vesting Date" (as set forth in the Notice of Grant). Except as provided in Section 2(c)(ii) or 2(d) below, in the event of the Participant's termination of Employment for any reason prior to the Vesting Date, the Participant's Total Performance Units shall be immediately forfeited and cancelled by the Company without consideration.

(ii) Death, Disability, Retirement.

(A) Subject to Section 2(d)(i) below, in the event of the Participant's termination of Employment with the Company and its Affiliates due to death, Disability or Retirement prior to the Vesting Date, the Service Vesting Condition shall be deemed satisfied.

(B) For purposes of this Agreement, "Retirement" shall mean the Participant's termination of Employment at a time when the Participant is eligible to commence monthly retirement benefits under the Company's Retirement Plan, or, if the Participant is not a participant in the Company's Retirement Plan, under any other defined benefit pension plan (whether or not tax qualified) maintained by the Company Group, or, if the Participant is not covered by any defined benefit pension plan, then Retirement shall mean the Participant's termination of Employment at or after age 55.

(d) Change in Control. Notwithstanding the foregoing, in the event of a Change in Control prior to the Vesting Date while a Participant remains employed with the Company and its Affiliates (or following termination of Employment due to death, Disability or Retirement before the end of the Performance Period), (i) in the event the Change in Control occurs prior to the conclusion of the Performance Period, the Performance Vesting Condition shall be deemed satisfied at the "Target Award" level (as described in the Notice of Grant) and a pro rata portion of all then outstanding Total Performance Units will be deemed to have satisfied the Service Vesting Condition based on a fraction, the numerator of which is the number of days elapsed from the commencement of the Performance Period through the date immediately prior to the Change in Control, and the denominator of which is the number of days in the original Performance Period, and (ii) in the event the Change in Control occurs upon or after the conclusion of the Performance Period, the Performance Vesting Condition will be satisfied (if at all) to the extent of actual attainment of the Goals and all then outstanding Total Performance Units will be deemed to have satisfied the Service Vesting Condition. All remaining Total Performance Units that do not so vest in accordance with the foregoing provisions of this Section 2(d) shall be immediately forfeited and cancelled by the Company without consideration upon the consummation of the Change in Control.

(e) No shares of Common Stock will be issued or issuable (or other consideration be payable) with respect to any portion of the Total Performance Units that do not vest in accordance with the foregoing provisions of Section 2. All Performance Units and shares of Common Stock issued in connection with Performance Units are subject to forfeiture in accordance with the PPL Corporation Policy Regarding Recoupment of Executive Compensation.

3. Payment Date. Subject to Section 7(c), on the Payment Date (as defined below), the Company shall issue to the Participant one share of Common Stock in settlement of each Total Performance Unit that vests as provided in Section 2, if any. The "Payment Date" upon which this Award shall be settled and paid shall occur as soon as practicable following the date on which both the Performance Vesting Condition and Service Vesting Condition are satisfied (or deemed satisfied), but in any event not later than March 15 of the year following such date; provided that (x) if the Participant is eligible for Retirement on the Date of Grant or could become eligible for Retirement before the end of the year following the end of the Performance Period, the Payment Date shall be the earliest of (I) any date in the year following the end of the Performance Period, (II) the date that is six month following Retirement or (III) as of immediately prior to a Change in Control that constitutes a change in the ownership or effective control, or change in ownership of a substantial portion of the assets, of the Company within the meaning of Section 409A of the Code, and (y) otherwise if either or both of the Performance Vesting Condition or Service Vesting Condition are satisfied by reason of a Change in Control, the Payment Date shall occur as of immediately prior to the Change in Control.

No fractional shares of Common Stock shall be issued. Fractional shares shall be settled through a cash payment based on the Fair Market Value of the Common Stock on the Payment Date.

4. Securities Law Compliance. Notwithstanding any other provision of this Agreement, the Participant may not sell the shares of Common Stock acquired upon settlement of the Total Performance Units unless such shares are registered under the Securities Act of 1933, as amended (the "Securities Act"), or, if such shares are not then so registered, such sale would be exempt from the registration requirements of the Securities Act. The sale of such shares must also comply with other applicable laws and regulations governing the shares, and Participant may not sell the shares of Common Stock, if the Company determines that such sale would not be in material compliance with such laws and regulations.

5. Participant's Rights with Respect to the Total Performance Units.

(a) Restrictions on Transferability. The Total Performance Units granted hereby are not assignable or transferable, in whole or in part, and may not, directly or indirectly, be offered, transferred, sold, pledged, assigned, alienated, hypothecated or otherwise disposed of or encumbered (including, without limitation, by gift, operation of law or otherwise) other than by will or by the laws of descent and distribution to the estate of the Participant upon the Participant's death; provided that the deceased Participant's beneficiary or representative of the Participant's estate shall acknowledge and agree in writing, in a form reasonably acceptable to the Company, to be bound by the provisions of this Agreement and the Plan, as if such beneficiary or the estate were the Participant.

(b) No Rights as Stockholder. The Participant shall not have any rights as a stockholder including any voting, dividend or other rights or privileges as a stockholder of the Company with respect to any Common Stock corresponding to the Total Performance Units granted hereby, unless and until shares of Common Stock are actually issued to the Participant in respect thereof.

6. Adjustment in Capitalization. In the event of any change in the outstanding Common Stock by reason of any recapitalization, combination or exchange of shares or other similar changes in the Common Stock, appropriate adjustment shall be made by the Committee, in accordance with Section 10 of the Plan.

7. Miscellaneous.

(a) Binding Effect; Benefits. This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and assigns. Nothing in this Agreement, express or implied, is intended or shall be construed to give any person other than the parties to this Agreement or their respective successors or assigns, any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

(b) No Right to Continued Employment. Nothing in the Plan or this Agreement shall interfere with or limit in any way the right of the Company or any of its Affiliates to terminate the Participant's Employment at any time, or confer upon the Participant any right to continue in the employ of the Company or any of its Affiliates.

(c) Tax Withholding. The Company and its Affiliates shall have the right to deduct from all amounts payable to the Participant (whether under the Plan or otherwise) any amount of taxes required by law to be withheld in respect of settlement of the vested Total Performance Units, as may be necessary in the opinion of the Company to satisfy tax withholding required by law to be withheld. Unless otherwise determined by the Committee, the Company will meet such obligations with respect to the settlement and payment of any vested Total Performance Units by having the Company withhold the least number of whole shares of Common Stock having a Fair Market Value sufficient to satisfy the amount required to be withheld in respect of settlement and payment of the vested Total Performance Units.

(d) Applicable Law. This Agreement shall be governed by and construed in accordance with the law of the Commonwealth of Pennsylvania regardless of the application of rules of conflict of laws that would apply to the laws of any other jurisdiction.

(e) Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation. By entering into this Agreement and accepting the Total Performance Unit Award evidenced hereby, the Participant acknowledges: (i) that the Plan is discretionary in nature and may be suspended or terminated by the Company at any time; (ii) that the Award does not create any contractual or other right to receive future grants of Awards; (iii) that participation in the Plan is voluntary; (iv) that the value of the Total Performance Unit Award is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; and (v) that the future value of the shares of Common Stock is unknown and cannot be predicted with certainty.

(f) Headings and Captions. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(g) Amendments. The terms of this Agreement may be amended from time to time by the Committee in its sole discretion in any manner it deems appropriate; provided that no such amendment shall, without the Participant's consent, materially diminish the Participant's rights under this Agreement.

(h) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same instrument.

Sincerely,
PPL Corporation

By:____________________________________
Vincent Sorgi
President and CEO

Exhibit A

PPL CORPORATION
AMENDED AND RESTATED 2012 STOCK INCENTIVE PLAN

PERFORMANCE UNIT AWARD - NOTICE OF GRANT

The number of shares of PPL Common Stock that may be earned and become vested under this Performance Unit Award shall be based on the achievement of pre-established performance goals as set by the Committee for the Performance Period, based on the following:

Name of Participant: Participant Name

Date of Grant: Grant date

Total Number of Performance Units Awarded (subject to vesting): X,XXX shares of Common Stock

Performance Period: January 1, 2022 – December 31, 2024

Performance Measures: Earnings Growth ("EG") will be calculated to determine the change in the Company's ongoing earnings over a defined performance period.

- **Methodology:** EG will be calculated from the mid-point of the pro forma ongoing earnings guidance for the full year 2022 assuming Narragansett Electric Company (NECO) ownership compared to the actual ongoing earnings results at the end of the performance period.
- **Exclusions from EG calculation:**
  - Special items
  - Acquisitions and divestitures except for the acquisition of NECO as noted in the methodology.

Payout Schedule:

EG Achieved	Payout (Expressed as a % of Target Award)[1]
8%	200% (i.e., the Maximum Award)
7%	150%
6%	100% (i.e., the Target Award)
3%	50%
Below 3%	0%

[1] Full interpolation between EG of 3% and 8%. If PPL's credit rating should drop below investment grade during the Performance Period, the Maximum Award shall not exceed 100% payout.

ESG

PPL Corporation
Amended and Restated 2012 Stock Incentive Plan
Performance Unit Agreement

PERFORMANCE UNIT AGREEMENT (the "Agreement") dated as of the Date of Grant set forth in the Notice of Grant (as defined below), by and between PPL Corporation, a Pennsylvania corporation (the "Company"), and the participant whose name appears on the Notice of Grant (the "Participant").

1. Grant of Stock Based Award. Subject to the terms and conditions of this Agreement (including vesting conditions):

   (a) The Company hereby evidences and confirms its grant to the Participant, effective as of the Date of Grant, of the number of stock based units contingent upon Company financial performance (the "Performance Units") specified in the Notice of Grant attached hereto as Exhibit A and made a part hereof ("Notice of Grant").

   (b) Dividend Equivalent Grants.

      (i) If on any date while the Performance Units are outstanding hereunder the Company shall pay any cash dividend on its shares of Common Stock, the Participant shall be granted, as of the applicable dividend payment date, a "Cash Dividend Equivalent Award" which shall represent a future contingent right to a number of shares of Common Stock (rounded down to the nearest whole share) with a current Fair Market Value equal to the product of (x) the number of "Total Performance Units" (as defined below) held by the Participant hereunder as of the related dividend record date, multiplied by (y) the amount of such cash dividend per share of Common Stock, rounded to the nearest whole cent. Any Cash Dividend Equivalent Award shall be subject to the same payment terms and conditions as the corresponding Performance Units to which they relate.

      (ii) If on any date while the Performance Units are outstanding hereunder the Company shall pay any dividend on its shares of Common Stock in the form of shares of Common Stock, the Participant shall be granted, as of the applicable dividend payment date, the contingent right to a future number of shares of Common Stock, equal to the product of (x) the number of Total Performance Units held by the Participant hereunder as of the related dividend record date, multiplied by (y) the number of shares of Common Stock (including any fraction thereof) payable as a dividend on one share of Common Stock, rounded down to the nearest whole Unit.

      (iii) At any point in time, the total number of shares of Common Stock of all Performance Units, Cash Dividend Equivalent Awards, and rights to the stock dividends, if any, referred to in Section 1(b)(ii) above, shall be defined as "Total Performance Units."

   (c) This Agreement and the Total Performance Units granted hereunder are subject to all of the terms and conditions of the PPL Corporation Amended and Restated 2012

Stock Incentive Plan (the "Plan"), as amended from time to time, which are incorporated by reference herein. If there is any inconsistency between the terms hereof and the terms of the Plan, the terms of the Plan shall govern. Any capitalized terms used herein without definition shall have the meanings set forth in the Plan.

2. Vesting of Total Performance Units.

(a) Vesting In General. The Total Performance Units will vest subject to satisfaction of the Performance Vesting Condition and Service Vesting Condition as described below in this Section 2.

(b) Performance Vesting Condition. The proportion of the Total Performance Units that satisfy the Performance Vesting Condition shall be based on the extent of the achievement of the performance goals ("Goals") established by the Committee for the "Performance Period" (as set forth in the Notice of Grant). Promptly after the conclusion of the Performance Period, the Committee will determine the extent to which the Goals have been satisfied. Based on the Committee's determination, (A) the Total Performance Units will satisfy the Performance Vesting Condition as and to the extent set forth in the Notice of Grant, and (B) the portion of the Total Performance Units, if any, that do not satisfy the Performance Vesting Condition shall be immediately forfeited and cancelled by the Company without any consideration.

(c) Service Vesting Condition.

(i) General. The Service Vesting Condition shall be satisfied if the Participant continues employment through the "Vesting Date" (as set forth in the Notice of Grant). Except as provided in Section 2(c)(ii) or 2(d) below, in the event of the Participant's termination of Employment for any reason prior to the Vesting Date, the Participant's Total Performance Units shall be immediately forfeited and cancelled by the Company without consideration.

(ii) Death, Disability, Retirement.

(A) Subject to Section 2(d)(i) below, in the event of the Participant's termination of Employment with the Company and its Affiliates due to death, Disability or Retirement prior to the Vesting Date, the Service Vesting Condition shall be deemed satisfied.

(B) For purposes of this Agreement, "Retirement" shall mean the Participant's termination of Employment at a time when the Participant is eligible to commence monthly retirement benefits under the Company's Retirement Plan, or, if the Participant is not a participant in the Company's Retirement Plan, under any other defined benefit pension plan (whether or not tax qualified) maintained by the Company Group, or, if the Participant is not covered by any defined benefit pension plan, then Retirement shall mean the Participant's termination of Employment at or after age 55.

(d) Change in Control. Notwithstanding the foregoing, in the event of a Change in Control prior to the Vesting Date while a Participant remains employed with the Company and its Affiliates (or following termination of Employment due to death, Disability or Retirement before the end of the Performance Period), (i) in the event the Change in Control occurs prior to the conclusion of the Performance Period, the Performance Vesting Condition shall be deemed satisfied at the "Target Award" level (as described in the Notice of Grant) and a pro rata portion of all then outstanding Total Performance Units will be deemed to have satisfied the Service Vesting Condition based on a fraction, the numerator of which is the number of day elapsed from the commencement of the Performance Period through the date immediately prior to the Change in Control, and the denominator of which is the number of days in the original Performance Period, and (ii) in the event the Change in Control occurs upon or after the conclusion of the Performance Period, the Performance Vesting Condition will be satisfied (if at all) to the extent of actual attainment of the Goals and all then outstanding Total Performance Units will be deemed to have satisfied the Service Vesting Condition. All remaining Total Performance Units that do not so vest in accordance with the foregoing provisions of this Section 2(d) shall be immediately forfeited and cancelled by the Company without consideration upon the consummation of the Change in Control.

(e) No shares of Common Stock will be issued or issuable (or other consideration be payable) with respect to any portion of the Total Performance Units that do not vest in accordance with the foregoing provisions of Section 2. All Performance Units and shares of Common Stock issued in connection with Performance Units are subject to forfeiture in accordance with the PPL Corporation Policy Regarding Recoupment of Executive Compensation.

3. Payment Date. Subject to Section 7(c), on the Payment Date (as defined below), the Company shall issue to the Participant one share of Common Stock in settlement of each Total Performance Unit that vests as provided in Section 2, if any. The "Payment Date" upon which this Award shall be settled and paid shall occur as soon as practicable following the date on which both the Performance Vesting Condition and Service Vesting Condition are satisfied (or deemed satisfied), but in any event not later than March 15 of the year following such date; provided that (x) if the Participant is eligible for Retirement on the Date of Grant or could become eligible for Retirement before the end of the year following the end of the Performance Period, the Payment Date shall be the earliest of (I) any date in the year following the end of the Performance Period, (II) the date that is six month following Retirement or (III) as of immediately prior to a Change in Control that constitutes a change in the ownership or effective control, or change in ownership of a substantial portion of the assets, of the Company within the meaning of Section 409A of the Code, and (y) otherwise if either or both of the Performance Vesting Condition or Service Vesting Condition are satisfied by reason of a Change in Control, the Payment Date shall occur as of immediately prior to the Change in Control.

No fractional shares of Common Stock shall be issued. Fractional shares shall be settled through a cash payment based on the Fair Market Value of the Common Stock on the Payment Date.

4. Securities Law Compliance. Notwithstanding any other provision of this Agreement, the Participant may not sell the shares of Common Stock acquired upon settlement of the Total Performance Units unless such shares are registered under the Securities Act of 1933, as amended (the "Securities Act"), or, if such shares are not then so registered, such sale would be exempt from the registration requirements of the Securities Act. The sale of such shares must also comply with other applicable laws and regulations governing the shares, and Participant may not sell the shares of Common Stock, if the Company determines that such sale would not be in material compliance with such laws and regulations.

5. Participant's Rights with Respect to the Total Performance Units.

(a) Restrictions on Transferability. The Total Performance Units granted hereby are not assignable or transferable, in whole or in part, and may not, directly or indirectly, be offered, transferred, sold, pledged, assigned, alienated, hypothecated or otherwise disposed of or encumbered (including, without limitation, by gift, operation of law or otherwise) other than by will or by the laws of descent and distribution to the estate of the Participant upon the Participant's death; provided that the deceased Participant's beneficiary or representative of the Participant's estate shall acknowledge and agree in writing, in a form reasonably acceptable to the Company, to be bound by the provisions of this Agreement and the Plan, as if such beneficiary or the estate were the Participant.

(b) No Rights as Stockholder. The Participant shall not have any rights as a stockholder including any voting, dividend or other rights or privileges as a stockholder of the Company with respect to any Common Stock corresponding to the Total Performance Units granted hereby, unless and until shares of Common Stock are actually issued to the Participant in respect thereof.

6. Adjustment in Capitalization. In the event of any change in the outstanding Common Stock by reason of any recapitalization, combination or exchange of shares or other similar changes in the Common Stock, appropriate adjustment shall be made by the Committee, in accordance with Section 10 of the Plan.

7. Miscellaneous.

(a) Binding Effect; Benefits. This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and assigns. Nothing in this Agreement, express or implied, is intended or shall be construed to give any person other than the parties to this Agreement or their respective successors or assigns, any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

(b) No Right to Continued Employment. Nothing in the Plan or this Agreement shall interfere with or limit in any way the right of the Company or any of its Affiliates to terminate the Participant's Employment at any time, or confer upon the Participant any right to continue in the employ of the Company or any of its Affiliates.

(c) Tax Withholding. The Company and its Affiliates shall have the right to deduct from all amounts payable to the Participant (whether under the Plan or otherwise) any amount of taxes required by law to be withheld in respect of settlement of the vested Total Performance Units, as may be necessary in the opinion of the Company to satisfy tax withholding required by law to be withheld. Unless otherwise determined by the Committee, the Company will meet such obligations with respect to the settlement and payment of any vested Total Performance Units by having the Company withhold the least number of whole shares of Common Stock having a Fair Market Value sufficient to satisfy the amount required to be withheld in respect of settlement and payment of the vested Total Performance Units.

(d) Applicable Law. This Agreement shall be governed by and construed in accordance with the law of the Commonwealth of Pennsylvania regardless of the application of rules of conflict of laws that would apply to the laws of any other jurisdiction.

(e) Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation. By entering into this Agreement and accepting the Total Performance Unit Award evidenced hereby, the Participant acknowledges: (i) that the Plan is discretionary in nature and may be suspended or terminated by the Company at any time; (ii) that the Award does not create any contractual or other right to receive future grants of Awards; (iii) that participation in the Plan is voluntary; (iv) that the value of the Total Performance Unit Award is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; and (v) that the future value of the shares of Common Stock is unknown and cannot be predicted with certainty.

(f) Headings and Captions. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(g) Amendments. The terms of this Agreement may be amended from time to time by the Committee in its sole discretion in any manner it deems appropriate; provided that no such amendment shall, without the Participant's consent, materially diminish the Participant's rights under this Agreement.

(h) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same instrument.

Sincerely,
PPL Corporation

By:______________________________________
Vincent Sorgi
President and CEO

Exhibit A

PPL CORPORATION
AMENDED AND RESTATED 2012 STOCK INCENTIVE PLAN

PERFORMANCE UNIT AWARD - NOTICE OF GRANT

The number of shares of PPL Common Stock that may be earned and become vested under this Performance Unit Award shall be based on the achievement of pre-established performance goals as set by the Committee for the Performance Period, based on the following:

Name of Participant: Participant Name

Date of Grant: Grant date

Total Number of Performance Units Awarded (subject to vesting): X,XXX shares of Common Stock

Performance Period: January 1, 2022 – December 31, 2024

Performance Measures: Environmental, Social and Governance ("ESG") performance measures are reduction in company vehicle emissions, reduction in building energy use and retirement of Mill Creek Unit 1 by or before December 31, 2024:

Reduction in Company Vehicle Emissions: Three-year goal of cumulative electrified fleet vehicles based upon the underlying overall Company goal of electrifying 100% of light-duty vehicles and 50% of medium/heavy vehicles by 2030.

- **This three-year goal is measured by**:
  - Electrification of fleet units. Electrification is any powertrain conversion from carbon-based fuels used for the purpose of operating and driving a vehicle. This can include, but not limited to, hybrid and electric configurations.
  - Counting cumulative electrified vehicle conversions or delivered from the manufacturer within calendar year contributing to total electrified fleet.
- **Methodology**: Total units owned and operated by each Operating Company (i.e., PPL Electric Utilities, LG&E, KU) per vehicle class, as described below.

Light Duty Vehicles	up to 10,000 pounds GVWR
Personnel Carriers	
Pick-up trucks (1/2 ton, ranger, etc.)	
Cargo Vans	
Heavy Duty Pick-up truck (3/4 ton)	

Medium Duty Vehicles	10,001 to 26,000 pounds GVWR
Trouble Trucks	

Heavy Duty Pick-up Trucks (1 ton)
Dump Trucks
Service-body Trucks
Walk-in Vans
Oil Filter Trucks

Heavy Duty Vehicles >26,000 pounds GVWR

Material Handling Bucket Trucks
Digger-Derrick
Pole-Rig
Stake Body Trucks

- **Exclusions from goal measurement:**
  - Any fleet units (i.e. vehicles, machinery, trailers, etc.) not used more than 50 miles annually (light, medium and heavy)
  - Equipment not meant for open road use
  - Specialty Equipment backhoe-loader, skid-steer, tracked equipment, crane, reel-tensioner

Reduction in Building Energy Use: Three-year goal of reduction in GWh Energy Use in Pennsylvania and Kentucky and BBtu Energy Use in Kentucky.

- Includes total consumption for all billed and metered buildings owned by the Operating Company.
- Base/reference temperature for degree days is 65F
- Weather normalization, adjusting actual usage to "normal" weather conditions to account for seasonal variations
  - Total net meter consumption
  - GWh is measured with combined PA and KY usage
  - Degree days are measured at Allentown (KABE) and Lexington (KLEX)
  - Calculations
    - $\text{Normalized MWh Usage} = 1257.7 + (18.32 * \text{CDD}) + (4.71 * \text{HDD})$
    - $\text{Normalized MMBtu Usage} = 0 + (78.37 * \text{HDD})$

Solar array installs may be utilized at any Operating Company owned facility and not limited to just service centers.

- **Methodology:**
  - Total energy consumed for owned buildings. Recorded at each meter.
  - Energy use will be considered net of any Photovoltaic (solar)
  - Energy use will exclude any increases for electric vehicle charging

- **Exclusions from goal measurement:**
  - Unmanned "buildings" such as control cubicles.
  - Rented or non-owned facilities
  - Any energy reductions from decommissioning/retirement of building

Retirement of Mill Creek Unit 1 by or before December 31, 2024: Retirement of this coal plant means that it will no longer produce energy from coal.

Payout Schedule:

	2022 Long-Term Incentive Goal Targets					
Performance Measure	**0% Target**	**50% Target**	**100% Target**	**150% Target**	**200% Target**	**Goal Weight**
PU - ESG						
Achieve Cumulative Electified Fleet Vehicle target	304	333	**362**	397	432	5.00%
Achieve Building GWH Energy Use Target	91.2	90.5	**89.8**	89.1	88.5	16.75%
Achieve Building BBtu Energy Use Target	290	288	**286**	284	282	3.25%
Closure of Mill Creek Unit 1 by 12/31/2024	Not Complete				Complete	75.00%
						100%

** Full interpolation between each stated target from 0% to 200% for Electrified Fleet and Building Energy Use.

SEVENTH AMENDMENT TO REVOLVING CREDIT AGREEMENT

THIS SEVENTH AMENDMENT TO REVOLVING CREDIT AGREEMENT, dated as of March 9, 2021 (this "Amendment"), to the Existing Credit Agreement (as defined below) is made by PPL CAPITAL FUNDING, INC., a Delaware corporation (the "Borrower"), PPL CORPORATION, a Pennsylvania corporation (the "Guarantor"), and each Lender (such capitalized term and other capitalized terms used in this preamble and the recitals below to have the meanings set forth in, or are defined by reference in, Article I below).

W I T N E S S E T H:

WHEREAS, the Borrower, the Guarantor, the Lenders, and The Bank of Nova Scotia, as the Administrative Agent, are all parties to the Revolving Credit Agreement, dated as of March 26, 2014 (as amended or otherwise modified prior to the date hereof, the "Existing Credit Agreement", and as amended by this Amendment and as the same may be further amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"); and

WHEREAS, the Borrower has requested that the Lenders amend the Existing Credit Agreement in order to extend the maturity date therein and the Lenders are willing to modify the Existing Credit Agreement on the terms and subject to the conditions hereinafter set forth;

NOW, THEREFORE, the parties hereto hereby covenant and agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.1. Certain Definitions. The following terms when used in this Amendment shall have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Amendment" is defined in the preamble.

"Borrower" is defined in the preamble.

"Credit Agreement" is defined in the first recital.

"Existing Credit Agreement" is defined in the first recital.

"Guarantor" is defined in the preamble.

SECTION 1.2. Other Definitions. Terms for which meanings are provided in the Existing Revolving Credit Agreement are, unless otherwise defined herein or the context otherwise requires, used in this Amendment with such meanings.

ARTICLE II
AMENDMENTS TO THE EXISTING CREDIT AGREEMENT

Effective as of the date hereof, but subject to the satisfaction of the conditions in Article III,

(a) Section 1.01 of the Existing Credit Agreement is hereby amended by amending and restating the following definition in its entirety as follows:

"“Termination Date” means the earliest to occur of (i) March 9, 2022 and (ii) such earlier date upon which all Commitments shall have been terminated in their entirety in accordance with this Agreement."

(b) Sections 5.04(a), 5.04(c), 5.05 and 5.13 of the Existing Credit Agreement are hereby amended by replacing references to "December 31, 2019" with "December 31, 2020".

ARTICLE III
CONDITIONS TO EFFECTIVENESS

This Amendment and the amendments contained herein shall become effective as of the date hereof when each of the conditions set forth in this Article III shall have been fulfilled to the satisfaction of the Administrative Agent.

SECTION 3.1. Counterparts. The Administrative Agent shall have received counterparts hereof executed on behalf of the Borrower, the Guarantor and the each of the Lenders.

SECTION 3.2. Costs and Expenses, etc. The Administrative Agent shall have received for the account of each Lender, all fees, costs and expenses due and payable pursuant to Section 9.03 of the Credit Agreement, if then invoiced.

SECTION 3.3. Resolutions, etc. The Administrative Agent shall have received from the Borrower and the Guarantor (i) a copy of a good standing certificate for such Loan Party, dated a date reasonably close to the date hereof and (ii) a certificate, dated as of the date hereof, of a Secretary or an Assistant Secretary of each Loan Party certifying (a) that attached thereto is a true, correct and complete copy of (x) the articles or certificate of incorporation of such Loan Party certified by the Secretary of State (or equivalent body) of the jurisdiction of incorporation of such Loan Party and (y) the bylaws of such Loan Party, and (b) that attached thereto is a true, correct and complete copy of resolutions adopted by the board of directors of such Loan Party authorizing the execution, delivery and performance of this Amendment and each other document delivered in connection herewith and that such resolutions have not been amended and are in full force.

SECTION 3.4. Opinion of Counsel. The Administrative Agent shall have received an opinion, dated the date hereof and addressed to the Administrative Agent and all Lenders, from counsel to the Borrower, in form and substance satisfactory to the Administrative Agent.

SECTION 3.5. Satisfactory Legal Form. The Administrative Agent and its counsel shall have received all information, and such counterpart originals or such certified or other copies of such materials, as the Administrative Agent or its counsel may reasonably request, and all legal matters incident to the effectiveness of this Amendment shall be satisfactory to the Administrative Agent and its counsel. All documents executed or submitted pursuant hereto or in connection herewith shall be reasonably satisfactory in form and substance to the Administrative Agent and its counsel.

ARTICLE IV
MISCELLANEOUS

SECTION 4.1. Cross-References. References in this Amendment to any Article or Section are, unless otherwise specified, to such Article or Section of this Amendment.

SECTION 4.2. Loan Document Pursuant to Existing Credit Agreement. This Amendment is a Loan Document executed pursuant to the Existing Credit Agreement and shall (unless otherwise expressly indicated therein) be construed, administered and applied in accordance with all of the terms and provisions of the Existing Credit Agreement, as amended hereby, including Article IX thereof.

SECTION 4.3. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 4.4. Counterparts. This Amendment may be executed by the parties hereto in several counterparts, each of which when executed and delivered shall be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Amendment. The words "execution," "signed," "signature," and words of similar import in this Amendment or any notice, certificate, document, agreement or instrument in respect thereof shall be deemed to include electronic or digital signatures or the keeping of records in electronic form, each of which shall be of the same effect, validity and enforceability as manually executed signatures or a paper-based recordkeeping system, as the case may be, to the extent and as provided for under applicable law, including the Electronic Signatures in Global and National Commerce Act of 2000, the Electronic Signatures and Records Act of 1999, or any other similar state Laws based on the Uniform Electronic Transactions Act.

SECTION 4.5. Governing Law. THIS AMENDMENT WILL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

SECTION 4.6. Full Force and Effect; Limited Amendment. Except as expressly amended hereby, all of the representations, warranties, terms, covenants, conditions and other provisions of the Existing Credit Agreement and the Loan Documents shall remain unchanged and shall continue to be, and shall remain, in full force and effect in accordance with their respective terms. The amendments set forth herein shall be limited precisely as provided for herein to the provisions expressly amended herein and shall not be deemed to be an amendment to, waiver of, consent to or modification of any other term or provision of the Existing Credit Agreement or any other Loan Document or of any transaction or further or future action on the part of any Obligor which would require the consent of the Lenders under the Existing Credit Agreement or any of the Loan Documents.

SECTION 4.7. Representations and Warranties. In order to induce the Lenders to execute and deliver this Amendment, the Borrower and Guarantor each hereby represents and warrants to the Lenders, on the date this Amendment becomes effective pursuant to Article III, that both before and after giving effect to this Amendment, all representations and warranties set forth in Article V of the Credit Agreement are true and correct as of such date, except to the extent that any such statement expressly relates to an earlier date (in which case such statement was true and correct on and as of such earlier date).

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first above written.

PPL CAPITAL FUNDING, INC., as the Borrower

By: Tadd Henninger
Name: Tadd J. Henninger
Title: Vice President and Treasurer

PPL CORPORATION, as the Guarantor

By: Tadd Henninger
Name: Tadd J. Henninger
Title: Vice President- Finance and Treasurer

THE BANK OF NOVA SCOTIA, as the
Administrative Agent and as a Lender

By:____________________________
Name: David Dewar
Title: Director

Exhibit 10(gg)

March 6, 2021

Ms. Wendy E. Stark
1529 Hardwood Lane
McLean, VA 22101

PERSONAL and CONFIDENTIAL

Dear Ms. Stark:

I am delighted with the prospect of having you join PPL Services Corporation (PPL). On behalf of PPL, I would like to present our formal offer to you to join us as Senior Vice President, General Counsel and Corporate Secretary, reporting directly to Vince Sorgi, President and Chief Executive Officer, on or about April 12, 2021.

We have provided a level of base salary and performance-oriented incentive programs that will make employment with PPL both challenging and financially attractive.

Our offer includes a first-year compensation program consisting of an annualized salary of $525,000 plus incentive compensation.

As an executive, you will be eligible for various incentives. Currently, the annualized value of these incentives includes: a target annual cash incentive of 75% of your annual salary and long-term incentive (LTI) opportunities totaling 155% of your annual salary. The annual cash incentive award is determined in the first quarter of the year following the performance year. For 2021, you will be eligible for a full annual-incentive award without proration, notwithstanding your partial year of service.

The LTI mix is currently comprised of: (i) 40% in the form of performance units based on relative total shareowner return compared to our peers over a 3-year performance period, (ii) 40% based on PPL's return on equity over a designated performance period (one year for 2021), and (iii) 20% restricted stock units. LTI grants currently vest three years after date of grant.

In addition to the above compensation and awards, you will receive (1) a sign-on bonus of $500,000, of which $250,000 will be paid as soon as practicable following your employment date, the remainder to be paid following completion of two full years of service, and (2) prorated LTI awards as of your start date. If you voluntarily leave PPL prior to the completion of two full years of service, you will be required to return the cash sign-on bonus in full to PPL. Your signature below authorizes PPL to deduct any amounts owed from your final payment.

You will be eligible for PPL's Executive Deferred Compensation Plan (EDCP). The EDCP provides for company matching contributions that cannot be made under the qualified employee savings plan due to certain federal limitations, and it also allows an executive to manage current income taxes.

You will also be eligible for executive financial planning services and executive physical.

We require executives to accumulate PPL stock under our Executive Equity Ownership Guideline Program. In your position, you would be required to hold 200% of your salary in PPL shares by the end of five years of service.

To facilitate your move to the Lehigh Valley, PPL offers generous relocation benefits, which are managed by Xonex. A relocation counselor will be assigned to you to provide support throughout the relocation process. Enclosed is a copy of Relocation Expenses for Employees (GP 504) and the Relocation Expenses for Homeowners Program (Homesale Assistance with Guaranteed Buyout). Additionally, to assist with your transition, PPL is offering you transition support through LINC (Lehigh Valley Inter Regional Networking & Connecting Consortium).

Finally, you will also be eligible for PPL's comprehensive package of other employee benefit plans including the savings 401(k) plan, health benefits, dental, life insurance, and other benefits including vacation, where you will be eligible for five weeks. Enclosed is the 2021 Benefits Summary for Salaried Employees.

This offer is valid through March 12, 2021 and we request your written acceptance on or before that date. Please sign and return the enclosed copy of this letter.

As a Section 16 officer, your employment is contingent on approval of your compensation by the Compensation Committee of PPL's Board of Directors and your election by PPL's Board of Directors to the position of Senior Vice President, General Counsel and Corporate Secretary. Your employment is also contingent upon satisfactory completion of a background check and drug screen. The background check will be coordinated by Spencer Stuart. Additionally, on your first day of employment you will need to complete the government-mandated I-9 form showing proof of employment eligibility under the Immigration Reform and Control Act of 1986.

We recognize that you may be interested in a long-term relationship with the Company, and it is certainly our hope and expectation that such a relationship would develop. Please know, however, that employment at the Company would be on an "at-will" basis. This means that it is for no defined period of time and can be terminated by either you or the Company, with or without cause or advance notice. Of course, as a professional courtesy, we would appreciate advance notification from you of any intended change in your employment status. Likewise, we would attempt, where appropriate, to provide reasonable notice of any intended change in your status.

We are looking forward to you joining us as key member of the leadership team responsible for guiding PPL Services Corporation toward a successful future. Please feel free to contact me at 610-334-8154 or Maria Cherichella, Director, Compensation and Benefits at 484-225-9060 if you have any questions regarding this offer.

Sincerely,

Thomas J. Lynch
Vice President – Human Resources & Chief Human Resources Officer

Enclosures:

- 2021 Benefits Summary for Regular Full-Time PA Employees
- Relocation Expenses for Homeowners (Homesale Assistance with Guaranteed Buyout)

- LINC (Lehigh Valley Inter Regional Networking & Connecting Consortium Brochure

Please sign below to accept this proposal:

Signed: Wendy C Starr Date: 3/8/21

AMENDMENT NO. 8

TO

PPL EXECUTIVE DEFERRED COMPENSATION PLAN

WHEREAS, PPL Services Corporation ("PPL") has adopted the PPL Officers Deferred Compensation Plan ("Plan") effective July 1, 2000; and

WHEREAS, the Plan was amended and restated effective November 1, 2003, and subsequently amended by Amendment No. 1, 2, 3, 4, 5, 6, and 7; and

WHEREAS, PPL desires to further amend the Plan to change the eligibility requirements for participation in the Plan.

NOW, THEREFORE, effective the Plan is hereby amended as follows:

1. Effective January 1, 2022, Section 3.1 of the Plan, **"Eligibility",** is hereby amended to read as follows:

   "3.1 Any employee of PPL or a Participating Company designated as Director and above, as determined by career levels M4 and above, shall be eligible."

IN WITNESS WHEREOF, this Amendment No. 8 is executed this 20th day of

December, 2021.

PPL SERVICES CORPORATION

By: Angela Gosman
Angela Gosman (Dec 20, 2021 15:52 EST)

Angela K. Gosman
VP & Chief Human Resources Officer

PPL Corporation
Subsidiaries of the Registrant
At December 31, 2021

Exhibit 21

The following listing of subsidiaries omits subsidiaries which, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of December 31, 2021.

Company Name **Business Conducted under Same Name**	**State or Jurisdiction of** **Incorporation/Formation**
CEP Commerce, LLC	Delaware
CEP Lending, Inc.	Delaware
CEP Reserves, Inc.	Delaware
Kentucky Utilities Company	Kentucky and Virginia
LG&E and KU Capital LLC	Kentucky
LG&E and KU Energy LLC	Kentucky
Louisville Gas and Electric Company	Kentucky
PPL Capital Funding, Inc.	Delaware
PPL Distributed Energy Resources, LLC	Delaware
PPL Electric Utilities Corporation	Pennsylvania
PPL Energy Funding Corporation	Pennsylvania
PPL Energy Holdings, LLC	Delaware
PPL Renewables, LLC	Delaware
PPL Safari Holdings, LLC	Delaware
PPL Strategic Development, LLC	Delaware
PPL Subsidiary Holdings, LLC	Delaware
Safari Energy, LLC	Delaware

Exhibit 23(a)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-253290 and 333-253280 on Form S-3 and Registration Statement Nos. 333-215193, 333-209618, 333-181752, and 333-197629 on Form S-8 of our reports dated February 18, 2022, relating to the financial statements of PPL Corporation and the effectiveness of PPL Corporation's internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2021.

/s/ Deloitte & Touche LLP

Parsippany, New Jersey

February 18, 2022

Exhibit 23(b)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-253290-03 on Form S-3 of our report dated February 18, 2022, relating to the financial statements of PPL Electric Utilities Corporation appearing in this Annual Report on Form 10-K for the year ended December 31, 2021.

/s/ Deloitte & Touche LLP

Parsippany, New Jersey

February 18, 2022

Exhibit 23(c)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-253290-02 on Form S-3 of our report dated February 18, 2022, relating to the financial statements of Louisville Gas and Electric Company appearing in this Annual Report on Form 10-K for the year ended December 31, 2021.

/s/ Deloitte & Touche LLP

Louisville, Kentucky

February 18, 2022

Exhibit 23(d)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-253290-01 on Form S-3 of our report dated February 18, 2022, relating to the financial statements of Kentucky Utilities Company appearing in this Annual Report on Form 10-K for the year ended December 31, 2021.

/s/ Deloitte & Touche LLP

Louisville, Kentucky

February 18, 2022

PPL CORPORATION

2021 ANNUAL REPORT
TO THE SECURITIES AND EXCHANGE COMMISSION
ON FORM 10-K

POWER OF ATTORNEY

The undersigned directors of PPL Corporation, a Pennsylvania corporation, that is to file with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, its Annual Report on Form 10-K for the year ended December 31, 2021 ("Form 10-K Report"), do hereby appoint each of Vincent Sorgi, Wendy E. Stark and W. Eric Marr, and each of them, their true and lawful attorney, with power to act without the other and with full power of substitution and resubstitution, to execute for them and in their names the Form 10-K Report and any and all amendments thereto, whether said amendments add to, delete from or otherwise alter the Form 10-K Report, or add or withdraw any exhibits or schedules to be filed therewith and any and all instruments in connection therewith. The undersigned hereby grant to each said attorney full power and authority to do and perform in the name of and on behalf of the undersigned, and in any and all capacities, any act and thing whatsoever required or necessary to be done in and about the premises, as fully and to all intents and purposes as the undersigned might do, hereby ratifying and approving the acts of each of the said attorneys.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this 18th day of February, 2022.

/s/ Arthur P. Beattie	/s/ Vincent Sorgi
Arthur P. Beattie	Vincent Sorgi
/s/ Steven G. Elliott	/s/ Natica von Althann
Steven G. Elliott	Natica von Althann
/s/ Venkata Rajamannar Madabhushi	/s/ Keith H. Williamson
Venkata Rajamannar Madabhushi	Keith H. Williamson
/s/ Heather B. Redman	/s/ Phoebe A. Wood
Heather B. Redman	Phoebe A. Wood
/s/ Craig A. Rogerson	/s/ Armando Zagalo de Lima
Craig A. Rogerson	Armando Zagalo de Lima

Exhibit 31(a)

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, 2021;

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 18, 2022

/s/ Vincent Sorgi

Vincent Sorgi
President and Chief Executive Officer
(Principal Executive Officer)
PPL Corporation

Exhibit 31(b)

CERTIFICATION

I, JOSEPH P. BERGSTEIN, JR., certify that:

1. I have reviewed this annual report on Form 10-K of PPL Corporation (the "registrant") for the year ended December 31, 2021;

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 18, 2022

/s/ Joseph P. Bergstein, Jr.
Joseph P. Bergstein, Jr.
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
PPL Corporation

Exhibit 31(c)

CERTIFICATION

I, STEPHANIE R. RAYMOND, 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, 2021;

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 18, 2022

/s/ Stephanie R. Raymond

Stephanie R. Raymond
President
(Principal Executive Officer)
PPL Electric Utilities Corporation

Exhibit 31(d)

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, 2021;

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 18, 2022	/s/ Stephen K. Breininger
		Stephen K. Breininger
		Vice President-Finance and Regulatory Affairs and Controller
		(Principal Financial Officer)
		PPL Electric Utilities Corporation

Exhibit 31(e)

CERTIFICATION

I, JOHN R. CROCKETT III, 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, 2021;

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 18, 2022

/s/ John R. Crockett III
John R. Crockett III
President
(Principal Executive Officer)
Louisville Gas and Electric Company

Exhibit 31(f)

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, 2021;

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 18, 2022

/s/ Kent W. Blake

Kent W. Blake
Chief Financial Officer
(Principal Financial Officer)
Louisville Gas and Electric Company

Exhibit 31(g)

CERTIFICATION

I, JOHN R. CROCKETT III, 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, 2021;

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 18, 2022

/s/ John R. Crockett III
John R. Crockett III
President
(Principal Executive Officer)
Kentucky Utilities Company

Exhibit 31(h)

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, 2021;

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 18, 2022

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
(Principal Financial 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, 2021

In connection with the annual report on Form 10-K of PPL Corporation (the "Company") for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, Vincent Sorgi, the Principal Executive Officer of the Company, and Joseph P. Bergstein, Jr., 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 18, 2022

/s/ Vincent Sorgi

Vincent Sorgi
President and Chief Executive Officer
(Principal Executive Officer)
PPL Corporation

/s/ Joseph P. Bergstein, Jr.

Joseph P. Bergstein, Jr.
Executive 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.

Exhibit 32(b)

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, 2021

In connection with the annual report on Form 10-K of PPL Electric Utilities Corporation (the "Company") for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, Stephanie R. Raymond, 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 18, 2022

/s/ Stephanie R. Raymond
Stephanie R. Raymond
President
(Principal Executive Officer)
PPL Electric Utilities Corporation

/s/ Stephen K. Breininger
Stephen K. Breininger
Vice President-Finance and Regulatory Affairs and Controller
(Principal Financial 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 LOUISVILLE GAS AND ELECTRIC COMPANY'S FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2021

In connection with the annual report on Form 10-K of Louisville Gas and Electric Company (the "Company") for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, John R. Crockett III, 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 18, 2022

/s/ John R. Crockett III
John R. Crockett III
President
(Principal Executive Officer)
Louisville Gas and Electric Company

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
(Principal Financial 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(d)

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, 2021

In connection with the annual report on Form 10-K of Kentucky Utilities Company (the "Company") for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, John R. Crockett III, 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 18, 2022

/s/ John R. Crockett III

John R. Crockett III
President
(Principal Executive Officer)
Kentucky Utilities Company

/s/ Kent W. Blake

Kent W. Blake
Chief Financial Officer
(Principal Financial 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.

Exhibit 99(a)

PPL CORPORATION AND SUBSIDIARIES
LONG-TERM DEBT SCHEDULE
(Unaudited)
(Millions of Dollars)

	Interest Rate	Maturity Date	December 31, 2021
PPL			
PPL Capital Funding			
Senior Unsecured Notes			
69352PAL7	3.100 %	05/15/2026	$ 650
69352PAQ6	4.125 %	04/15/2030	431
69352PAH6	4.700 %	06/01/2043	71
69352PAJ2	5.000 %	03/15/2044	177
69352PAM5	4.000 %	09/15/2047	237
Total Senior Unsecured Notes			1,566
Junior Subordinated Notes			
69352PAC7 [1]	2.889 %	03/30/2067	480
Total Junior Subordinated Notes			480
Total PPL Capital Funding Long-term Debt			2,046
PPL Electric			
Senior Secured Notes/First Mortgage Bonds			4,539
Total PPL Electric Long-term Debt			4,539
LG&E			
First Mortgage Bonds			2,024
KU			
First Mortgage Bonds			2,642
Total LG&E/KU Long-term Debt			4,666
Total Long-term Debt Before Adjustments			11,251
Unamortized premium and (discount), net			(34)
Unamortized debt issuance costs			(77)
Total Long-term Debt			11,140
Less current portion of Long-term Debt			474
Total Long-term Debt, noncurrent			$ 10,666

	Interest Rate	Maturity Date	December 31, 2021
PPL Electric			
Senior Secured Notes/First Mortgage Bonds			
524808BW1 [2]	1.800 %	02/15/2027	$ 108
524808BX9 [2]	1.800 %	09/01/2029	116
70869MAD8	0.400 %	10/01/2023	90
69351UAY9 [1]	0.380 %	06/24/2024	650
69351UAQ6	2.500 %	09/01/2022	250
69351UAX1 [1]	0.468 %	09/28/2023	250
69351UAH6	6.450 %	08/15/2037	250
69351UAM5	6.250 %	05/15/2039	300
69351UAN3	5.200 %	07/15/2041	250
69351UAR4	4.750 %	07/15/2043	350
69351UAS2	4.125 %	06/15/2044	300
69351UAV5	4.150 %	06/15/2048	400
69351UAT0	4.150 %	10/01/2045	350
69351UAU7	3.950 %	06/01/2047	475
69351UAW3	3.000 %	10/01/2049	400
Total Senior Secured Notes			4,539
Total Long-term Debt Before Adjustments			4,539
Unamortized discount			(22)
Unamortized debt issuance costs			(33)
Total Long-term Debt			4,484
Less current portion of Long-term Debt			474
Total Long-term Debt, noncurrent			$ 4,010
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
546676AY3	4.250 %	04/01/2049	400
546749AU6	1.350 %	11/01/2027	35
546749AT9 [2]	2.000 %	10/01/2033	128
546749AR3 [2]	1.750 %	02/01/2035	40
546749AS1	0.900 %	09/01/2026	23
546751AN8 [3]	0.130 %	06/01/2033	31
546751AM0 [3]	0.120 %	06/01/2033	35
896221AD0 [2]	3.750 %	06/01/2033	60
896224BC5	0.625 %	09/01/2026	27
896224BB7	1.350 %	11/01/2027	35
896224BA9 [2]	1.300 %	09/01/2044	125
Total Long-term Debt Before Adjustments			2,024

	Interest Rate	Maturity Date	December 31, 2021
Unamortized discount			(4)
Unamortized debt issuance costs			(14)
Total Long-term Debt			2,006
Less current portion of Long-term Debt			—
Total Long-term Debt, noncurrent			2,006
KU			
First Mortgage Bonds			
144838AA7 [3]	0.173 %	02/01/2032	$ 21
144838AB5 [3]	0.180 %	02/01/2032	3
144838AE9 [2]	1.550 %	09/01/2042	96
14483RAQ0 [2]	3.375 %	02/01/2026	18
14483RAR8 [2]	1.750 %	10/01/2034	50
14483RAU1 [2]	2.125 %	10/01/2034	54
14483RAV9 [2]	2.000 %	02/01/2032	78
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	550
491674BM8	3.300 %	06/01/2050	500
587824AA1 [3]	0.180 %	02/01/2032	7
587829AD4	1.300 %	05/01/2023	13
62479PAA4 [3]	0.180 %	02/01/2032	2
Total Long-term Debt Before Adjustments			2,642
Unamortized premium			5
Unamortized discount			(9)
Unamortized debt issuance costs			(20)
Total Long-term Debt			2,618
Less current portion of Long-term Debt			—
Total Long-term Debt, noncurrent			$ 2,618

1) Securities are in a floating rate mode through maturity.
2) Securities are currently in a term rate mode. Securities may be put back to the company, or called by the company, on a date prior to the stated maturity date.
3) Securities have a floating rate of interest that periodically resets. Securities may be put back to the company on a date prior to the stated maturity date.