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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended March 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
333-173665	**LG&E and KU Energy LLC** (Exact name of Registrant as specified in its charter) Kentucky 220 West Main Street Louisville, KY 40202-1377 (502) 627-2000	20-0523163
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:	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
2013 Series B due 2073	PPX	New York Stock Exchange

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	☐
LG&E and KU Energy LLC	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	☐
LG&E and KU Energy LLC	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	☐	☐	☒	☐	☐
LG&E and KU Energy LLC	☐	☐	☒	☐	☐
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	☐
LG&E and KU Energy LLC	☐
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	☒
LG&E and KU Energy LLC	Yes	☐	No	☒
Louisville Gas and Electric Company	Yes	☐	No	☒
Kentucky Utilities Company	Yes	☐	No	☒

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

PPL Corporation Common stock, $0.01 par value, 769,427,879 shares outstanding at April 30, 2021.
PPL Electric Utilities Corporation Common stock, no par value, 66,368,056 shares outstanding and all held by PPL Corporation at April 30, 2021.
LG&E and KU Energy LLC PPL Corporation holds all of the membership interests in LG&E and KU Energy LLC.
Louisville Gas and Electric Company Common stock, no par value, 21,294,223 shares outstanding and all held by LG&E and KU Energy LLC at April 30, 2021.
Kentucky Utilities Company Common stock, no par value, 37,817,878 shares outstanding and all held by LG&E and KU Energy LLC at April 30, 2021.

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

PPL CORPORATION
PPL ELECTRIC UTILITIES CORPORATION
LG&E AND KU ENERGY LLC
LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2021

Table of Contents

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

Unless otherwise specified, references in this Report, individually, to PPL Corporation, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company are references to such entities directly or to one or more of their subsidiaries, as the case may be, the financial results of which subsidiaries are consolidated into such Registrants' 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 LKE and its subsidiaries.

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

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

PPL EU Services - PPL EU Services Corporation, a subsidiary of PPL that provides administrative, management and support services primarily to PPL Electric.

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

PPL Rhode Island Holdings - PPL Rhode Island Holdings, LLC, a subsidiary of PPL Energy Holdings 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 Investments Limited – a subsidiary of PPL WPD Limited and parent to WPD plc.

PPL WPD Limited - a U.K. subsidiary of PPL Global. Following reorganizations in October 2015 and October 2017, PPL WPD Limited is an indirect parent to WPD plc having previously been a sister company.

Safari Energy - Safari Energy, LLC, an indirect subsidiary of PPL, acquired in June 2018, that provides solar energy solutions for commercial customers in the U.S.

U.K. utility business – Includes PPL WPD Investments Limited and its subsidiaries, including, notably, WPD plc and the four DNOs, which substantially represents PPL's U.K. Regulated segment. On March 17, 2021, PPL WPD Limited entered into an agreement to sell PPL's U.K. utility business.

WPD - refers to PPL WPD Limited and its subsidiaries.

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

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

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

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

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

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

Other terms and abbreviations

£ - British pound sterling.

2020 Form 10-K - Annual Report to the SEC on Form 10-K for the year ended December 31, 2020.

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 2. 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.

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

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

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

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.

CPI - consumer price index, a measure of inflation in the U.K. published monthly by the Office for National Statistics.

CPIH - consumer price index including owner-occupiers' housing costs. An aggregate measure of changes in the cost of living in the U.K., including a measure of owner-occupiers' housing costs.

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

DNO - Distribution Network Operator in the U.K.

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.

DSO - Distribution System Operation in the U.K. is the effective delivery of a range of functions and services that need to happen to run an advanced electricity distribution network. These functions cover long-term network planning; operations, real-time processes and planning, and markets and settlement. This does not focus on a single party as an operator; but recognizes roles for a range of parties to deliver DSO.

DSP - Default Service Provider.

Earnings from Ongoing Operations - a non-GAAP financial measure of earnings adjusted for the impact of special items and used in "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" (MD&A).

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, gas risers, leak mitigation, and gas main replacements.

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

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

LIBOR - London Interbank Offered Rate.

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

MW - megawatt, one thousand kilowatts.

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

NERC - North American Electric Reliability Corporation.

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.

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

OVEC - Ohio Valley Electric Corporation, located in Piketon, Ohio, an entity in which LKE indirectly owns an 8.13% interest (consists of LG&E's 5.63% and KU's 2.50% interests), which is 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.

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, 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.

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

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

RCRA - Resource Conservation and Recovery Act of 1976.

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

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

RIIO - Ofgem's framework for setting U.K. regulated gas and electric utility price controls which stands for "Revenues = Incentive + Innovation + Outputs." RIIO-1 refers to the first generation of price controls under the RIIO framework. RIIO-ED1 refers to the RIIO regulatory price control applicable to the operators of U.K. electricity distribution networks, the duration of which is April 2015 through March 2023. RIIO-2 refers to the second generation of price controls under the RIIO framework. RIIO-ED2 refers to the second generation of the RIIO regulatory price control applicable to the operators of U.K. electricity distribution networks, which will begin in April 2023.

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.

RPI - retail price index, is a measure of inflation in the United Kingdom published monthly by the Office for National Statistics.

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.

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.

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.

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.

Forward-looking Information

Statements contained in this Form 10-Q concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact are "forward-looking statements" within the meaning of the federal securities laws. Although the Registrants believe that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that these expectations will prove to be correct. Forward-looking statements are subject to many risks and uncertainties, and actual results may differ materially from the results discussed in forward-looking statements. In addition to the specific factors discussed in each Registrant's 2020 Form 10-K and in "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-Q, the following are among the important factors that could cause actual results to differ materially and adversely from the forward-looking statements:

- strategic acquisitions, dispositions, or similar transactions, including the expected sale of our U.K. utility business and the expected acquisition of The Narragansett Electric Company, 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 and financial markets;
- other pandemic health events or other catastrophic events such as fires, earthquakes, explosions, floods, droughts, tornadoes, hurricanes and other storms;
- the outcome of rate cases or other cost recovery or revenue proceedings;
- changes in U.S. state or federal or U.K. tax laws or regulations;
- 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 in the U.S.;
- expansion of alternative and distributed sources of electricity generation and storage;
- changes in foreign currency exchange rates for British pound sterling and the related impact on unrealized gains and losses on PPL's foreign currency economic hedges;
- the effectiveness of our risk management programs, including foreign currency and interest rate hedging;
- non-achievement by WPD of performance targets set by Ofgem;
- the effect of changes in RPI on WPD's revenues and index linked debt;
- developments related to the U.K.'s withdrawal from the European Union and any responses thereto;
- 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 or credit, 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 the potential cash funding requirements if fair value declines;
- 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;
- 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;
- new 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. FINANCIAL INFORMATION
ITEM 1. Financial Statements
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
PPL Corporation and Subsidiaries
(Unaudited)
(Millions of Dollars, except share data)

	Three Months Ended March 31,	
	2021	2020
Operating Revenues	$ **1,498**	$ 1,440
Operating Expenses		
Operation		
Fuel	**177**	163
Energy purchases	**220**	201
Other operation and maintenance	**367**	355
Depreciation	**267**	250
Taxes, other than income	**52**	47
Total Operating Expenses	**1,083**	1,016
Operating Income	**415**	424
Other Income (Expense) - net	**—**	(5)
Interest Expense	**153**	154
Income from Continuing Operations Before Income Taxes	**262**	265
Income Taxes	**59**	61
Income from Continuing Operations After Income Taxes	**203**	204
Income (Loss) from Discontinued Operations (net of income taxes) (Note 9)	**(2,043)**	350
Net Income (Loss)	$ **(1,840)**	$ 554
Earnings Per Share of Common Stock:		
Basic and Diluted		
Income (Loss) from Continuing Operations After Income Taxes	$ **0.26**	$ 0.27
Income (Loss) from Discontinued Operations (net of income taxes)	**(2.65)**	0.45
Net Income (Loss) Available to PPL Common Shareowners	$ **(2.39)**	$ 0.72
Weighted-Average Shares of Common Stock Outstanding (in thousands)		
Basic	**769,159**	767,948
Diluted	**770,710**	768,738

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
PPL Corporation and Subsidiaries
(Unaudited)
(Millions of Dollars)

	Three Months Ended March 31,	
	2021	**2020**
Net income (loss)	**$ (1,840)**	$ 554
Other comprehensive income (loss):		
Amounts arising during the period - gains (losses), net of tax (expense) benefit:		
Foreign currency translation adjustments, net of tax of ($80), $0	**303**	(61)
Qualifying derivatives, net of tax of $16, ($2)	**(30)**	8
Reclassifications from AOCI - (gains) losses, net of tax expense (benefit):		
Qualifying derivatives, net of tax of ($14), $0	**25**	(3)
Defined benefit plans:		
Prior service costs, net of tax of $0, $0	**—**	1
Net actuarial (gain) loss, net of tax of ($22), ($12)	**40**	47
Total other comprehensive income (loss)	**338**	(8)
Comprehensive income (loss)	**$ (1,502)**	$ 546

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
PPL Corporation and Subsidiaries
(Unaudited)
(Millions of Dollars)

	Three Months Ended March 31, 2021	2020
Cash Flows from Operating Activities		
Net income (loss)	$ (1,840)	$ 554
Loss (income) from discontinued operations (net of income taxes)	2,043	(350)
Income from continuing operations (net of income taxes)	203	204
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	267	250
Amortization	11	9
Defined benefit plans - (income) expense	4	9
Deferred income taxes and investment tax credits	50	75
Unrealized (gains) losses on derivatives, and other hedging activities	—	(4)
Stock-based compensation expense	6	6
Other	(5)	1
Change in current assets and current liabilities		
Accounts receivable	(60)	—
Accounts payable	(42)	(42)
Unbilled revenues	76	62
Fuel, materials and supplies	41	12
Prepayments	(76)	(75)
Regulatory assets and liabilities, net	29	(25)
Accrued interest	69	66
Other current liabilities	(103)	(132)
Other	2	22
Other operating activities		
Defined benefit plans - funding	(33)	(54)
Other assets	(74)	42
Other liabilities	31	(13)
Net cash provided by operating activities - continuing operations	396	413
Net cash provided by operating activities - discontinued operations	267	279
Net cash provided by operating activities	663	692
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(471)	(616)
Other investing activities	(1)	(3)
Net cash used in investing activities - continuing operations	(472)	(619)
Net cash used in investing activities - discontinued operations	(263)	(214)
Net cash used in investing activities	(735)	(833)
Cash Flows from Financing Activities		
Proceeds from project financing	5	—
Issuance of common stock	1	20
Payment of common stock dividends	(320)	(317)
Issuance of term loan	—	200
Retirement of term loan	(300)	—
Retirement of commercial paper	(73)	—
Net increase (decrease) in short-term debt	752	388
Other financing activities	(10)	(8)
Net cash provided by financing activities - continuing operations	55	283
Net cash used in financing activities - discontinued operations	(126)	(43)
Net cash provided by (used in) financing activities	(71)	240
Effect of Exchange Rates on Cash, Cash Equivalents and Restricted Cash included in Discontinued Operations	8	1
Net (Increase) Decrease in Cash, Cash Equivalents and Restricted Cash included in Discontinued Operations	114	(23)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(21)	77
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	443	660
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 422	$ 737
Supplemental Disclosures of Cash Flow Information		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at March 31,	$ 229	$ 237

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

CONDENSED CONSOLIDATED BALANCE SHEETS
PPL Corporation and Subsidiaries
(Unaudited)
(Millions of Dollars, shares in thousands)

	March 31, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 421**	$ 442
Accounts receivable (less reserve: 2021, $72; 2020, $71)		
Customer	**634**	603
Other	**77**	86
Unbilled revenues (less reserve: 2021, $3; 2020, $4)	**225**	301
Fuel, materials and supplies	**260**	302
Prepayments	**132**	53
Regulatory assets	**121**	99
Other current assets	**32**	31
Current assets held for sale (Note 9)	**18,425**	18,983
Total Current Assets	**20,327**	**20,900**
Property, Plant and Equipment		
Regulated utility plant	**29,354**	29,040
Less: accumulated depreciation - regulated utility plant	**6,156**	6,008
Regulated utility plant, net	**23,198**	23,032
Non-regulated property, plant and equipment	**245**	237
Less: accumulated depreciation - non-regulated property, plant and equipment	**38**	37
Non-regulated property, plant and equipment, net	**207**	200
Construction work in progress	**1,292**	1,268
Property, Plant and Equipment, net	**24,697**	24,500
Other Noncurrent Assets		
Regulatory assets	**1,233**	1,262
Goodwill	**716**	716
Other intangibles	**348**	351
Pension benefit asset	**67**	24
Other noncurrent assets	**393**	363
Total Other Noncurrent Assets	**2,757**	2,716
Total Assets	**$ 47,781**	$ 48,116

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

CONDENSED CONSOLIDATED BALANCE SHEETS
PPL Corporation and Subsidiaries

(Unaudited)
(Millions of Dollars, shares in thousands)

	March 31, 2021	December 31, 2020
Liabilities and Equity		
Current Liabilities		
Short-term debt	**$ 1,547**	$ 1,168
Long-term debt due within one year	**976**	1,074
Accounts payable	**660**	745
Taxes	**45**	69
Interest	**182**	113
Dividends	**320**	319
Regulatory liabilities	**130**	79
Other current liabilities	**387**	465
Current liabilities held for sale (Note 9)	**11,376**	11,023
Total Current Liabilities	**15,623**	15,055
Long-term Debt	**13,715**	13,615
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	**3,370**	2,536
Investment tax credits	**121**	122
Accrued pension obligations	**183**	189
Asset retirement obligations	**130**	132
Regulatory liabilities	**2,526**	2,530
Other deferred credits and noncurrent liabilities	**559**	564
Total Deferred Credits and Other Noncurrent Liabilities	**6,889**	6,073
Commitments and Contingent Liabilities (Notes 7 and 11)		
Equity		
Common stock - $0.01 par value (a)	**8**	8
Additional paid-in capital	**12,273**	12,270
Earnings reinvested	**3,155**	5,315
Accumulated other comprehensive loss	**(3,882)**	(4,220)
Total Equity	**11,554**	13,373
Total Liabilities and Equity	**$ 47,781**	$ 48,116

(a) 1,560,000 shares authorized; 769,427 and 768,907 shares issued and outstanding at March 31, 2021 and December 31, 2020.

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

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
PPL Corporation and Subsidiaries

(Unaudited)
(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Accumulated other comprehensive loss	Total
December 31, 2020	768,907	$ 8	$ 12,270	$ 5,315	$ (4,220)	$ 13,373
Common stock issued	520		16			16
Stock-based compensation			(13)			(13)
Net income (loss)				(1,840)		(1,840)
Dividends and dividend equivalents (b)				(320)		(320)
Other comprehensive income (loss)					338	338
March 31, 2021	769,427	$ 8	$ 12,273	$ 3,155	$ (3,882)	$ 11,554
December 31, 2019	767,233	$ 8	$ 12,214	$ 5,127	$ (4,358)	$ 12,991
Common stock issued	1,033		34			34
Stock-based compensation			(9)			(9)
Net income (loss)				554		554
Dividends and dividend equivalents (b)				(319)		(319)
Other comprehensive income (loss)					(8)	(8)
Adoption of financial instrument credit losses guidance cumulative effect adjustment				(2)		(2)
March 31, 2020	768,266	$ 8	$ 12,239	$ 5,360	$ (4,366)	$ 13,241

(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 were $0.415 for the three months ended March 31, 2021 and March 31, 2020.

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

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME
PPL Electric Utilities Corporation and Subsidiaries
(Unaudited)
(Millions of Dollars)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Operating Revenues	**$ 605**	$ 608
Operating Expenses		
Operation		
Energy purchases	**149**	144
Other operation and maintenance	**128**	137
Depreciation	**108**	98
Taxes, other than income	**32**	30
Total Operating Expenses	**417**	409
Operating Income	**188**	199
Other Income (Expense) - net	**5**	3
Interest Income from Affiliate	**—**	1
Interest Expense	**43**	44
Income Before Income Taxes	**150**	159
Income Taxes	**37**	41
Net Income (a)	**$ 113**	$ 118

(a) Net income equals comprehensive income.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)
(Millions of Dollars)

	Three Months Ended March 31, 2021	2020
Cash Flows from Operating Activities		
Net income	**$ 113**	$ 118
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	**108**	98
Amortization	**6**	5
Defined benefit plans - expense (income)	**(3)**	(1)
Deferred income taxes and investment tax credits	**13**	32
Other	**(4)**	9
Change in current assets and current liabilities		
Accounts receivable	**(37)**	(26)
Accounts payable	**(9)**	(20)
Unbilled revenues	**37**	34
Prepayments	**(78)**	(76)
Regulatory assets and liabilities, net	**39**	(11)
Other	**(14)**	(21)
Other operating activities		
Defined benefit plans - funding	**(21)**	(21)
Other assets	**(27)**	4
Other liabilities	**(2)**	8
Net cash provided by operating activities	**121**	132
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	**(223)**	(280)
Expenditures for intangible assets	**(1)**	(1)
Other investing activities	**2**	—
Net cash used in investing activities	**(222)**	(281)
Cash Flows from Financing Activities		
Payment of common stock dividends to parent	**(115)**	(165)
Net increase in short-term debt	**205**	85
Net cash provided by (used in) financing activities	**90**	**(80)**
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	**(11)**	(229)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	**40**	264
Cash, Cash Equivalents and Restricted Cash at End of Period	**$ 29**	$ 35
Supplemental Disclosure of Cash Flow Information		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at March 31,	**$ 143**	$ 158

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

CONDENSED CONSOLIDATED BALANCE SHEETS
PPL Electric Utilities Corporation and Subsidiaries
(Unaudited)
(Millions of Dollars, shares in thousands)

	March 31, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 29**	$ 40
Accounts receivable (less reserve: 2021, $41; 2020, $41)		
Customer	**346**	311
Other	**19**	17
Accounts receivable from affiliates	**10**	10
Unbilled revenues (less reserve: 2021, $1; 2020, $2)	**84**	121
Materials and supplies	**59**	59
Prepayments	**87**	9
Regulatory assets	**47**	40
Other current assets	**15**	13
Total Current Assets	**696**	620
Property, Plant and Equipment		
Regulated utility plant	**13,680**	13,514
Less: accumulated depreciation - regulated utility plant	**3,348**	3,297
Regulated utility plant, net	**10,332**	10,217
Construction work in progress	**588**	592
Property, Plant and Equipment, net	**10,920**	10,809
Other Noncurrent Assets		
Regulatory assets	**525**	541
Intangibles	**268**	268
Pension benefit asset	**42**	12
Other noncurrent assets	**103**	74
Total Other Noncurrent Assets	**938**	895
Total Assets	**$ 12,554**	$ 12,324

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

CONDENSED CONSOLIDATED BALANCE SHEETS
PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)
(Millions of Dollars, shares in thousands)

	March 31, 2021	December 31, 2020
Liabilities and Equity		
Current Liabilities		
Short-term debt	**$ 205**	$ —
Long-term debt due within one year	**400**	400
Accounts payable	**375**	428
Accounts payable to affiliates	**71**	39
Taxes	**10**	17
Interest	**45**	39
Regulatory liabilities	**114**	68
Other current liabilities	**94**	105
Total Current Liabilities	**1,314**	1,096
Long-term Debt	**3,837**	3,836
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	**1,579**	1,559
Accrued pension obligations	**8**	8
Regulatory liabilities	**573**	578
Other deferred credits and noncurrent liabilities	**121**	123
Total Deferred Credits and Other Noncurrent Liabilities	**2,281**	2,268
Commitments and Contingent Liabilities (Notes 7 and 11)		
Equity		
Common stock - no par value (a)	**364**	364
Additional paid-in capital	**3,753**	3,753
Earnings reinvested	**1,005**	1,007
Total Equity	**5,122**	5,124
Total Liabilities and Equity	**$ 12,554**	$ 12,324

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

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

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)
(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Total
December 31, 2020	66,368	$ 364	$ 3,753	$ 1,007	$ 5,124
Net income				113	113
Dividends declared on common stock				(115)	(115)
March 31, 2021	66,368	$ 364	$ 3,753	$ 1,005	$ 5,122
December 31, 2019	66,368	$ 364	$ 3,558	$ 910	$ 4,832
Net income				118	118
Dividends declared on common stock				(165)	(165)
March 31, 2020	66,368	$ 364	$ 3,558	$ 863	$ 4,785

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

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

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME
LG&E and KU Energy LLC and Subsidiaries

(Unaudited)
(Millions of Dollars)

	Three Months Ended March 31,	
	2021	**2020**
Operating Revenues	**$ 885**	$ 825
Operating Expenses		
Operation		
Fuel	**177**	163
Energy purchases	**71**	57
Other operation and maintenance	**220**	204
Depreciation	**156**	149
Taxes, other than income	**21**	18
Total Operating Expenses	**645**	591
Operating Income	**240**	234
Interest Expense	**51**	58
Interest Expense with Affiliate	**13**	7
Income Before Income Taxes	**176**	169
Income Taxes	**30**	34
Net Income (a)	**$ 146**	$ 135

(a) Net income approximates comprehensive income.

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

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

	Three Months Ended March 31, 2021	2020
Cash Flows from Operating Activities		
Net income	**$ 146**	$ 135
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	**156**	149
Amortization	**4**	4
Defined benefit plans - expense	**5**	5
Deferred income taxes and investment tax credits	**20**	31
Change in current assets and current liabilities		
Accounts receivable	**3**	20
Accounts payable	**(4)**	(18)
Accounts payable to affiliates	**9**	1
Unbilled revenues	**39**	27
Fuel, materials and supplies	**42**	24
Regulatory assets and liabilities, net	**(10)**	(14)
Taxes payable	**(18)**	(27)
Accrued interest	**45**	51
Other	**(51)**	(37)
Other operating activities		
Defined benefit plans - funding	**(2)**	(23)
Expenditures for asset retirement obligations	**(15)**	(15)
Other assets	**1**	1
Other liabilities	**6**	6
Net cash provided by operating activities	**376**	320
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	**(238)**	(255)
Net cash used in investing activities	**(238)**	(255)
Cash Flows from Financing Activities		
Net increase in notes payable with affiliate	**(24)**	92
Net increase (decrease) in short-term debt	**8**	(85)
Retirement of commercial paper	**(73)**	—
Distributions to member	**(62)**	(52)
Net cash used in financing activities	**(151)**	(45)
Net Increase (Decrease) in Cash and Cash Equivalents	**(13)**	20
Cash and Cash Equivalents at Beginning of Period	**29**	27
Cash and Cash Equivalents at End of Period	**$ 16**	$ 47
Supplemental Disclosure of Cash Flow Information		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at March 31,	**$ 86**	$ 78

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

CONDENSED CONSOLIDATED BALANCE SHEETS
LG&E and KU Energy LLC and Subsidiaries
(Unaudited)
(Millions of Dollars)

	March 31, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 16**	$ 29
Accounts receivable (less reserve: 2021, $30; 2020, $30)		
Customer	**282**	283
Other	**52**	69
Unbilled revenues (less reserve: 2021, $2; 2020, $2)	**137**	176
Fuel, materials and supplies	**200**	242
Prepayments	**27**	30
Regulatory assets	**74**	59
Other current assets	**1**	4
Total Current Assets	**789**	892
Property, Plant and Equipment		
Regulated utility plant	**15,706**	15,557
Less: accumulated depreciation - regulated utility plant	**2,816**	2,717
Regulated utility plant, net	**12,890**	12,840
Construction work in progress	**669**	640
Property, Plant and Equipment, net	**13,559**	13,480
Other Noncurrent Assets		
Regulatory assets	**708**	721
Goodwill	**996**	996
Other intangibles	**59**	61
Other noncurrent assets	**127**	127
Total Other Noncurrent Assets	**1,890**	1,905
Total Assets	**$ 16,238**	$ 16,277

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

CONDENSED CONSOLIDATED BALANCE SHEETS
LG&E and KU Energy LLC and Subsidiaries
(Unaudited)
(Millions of Dollars)

	March 31, 2021	December 31, 2020
Liabilities and Equity		
Current Liabilities		
Short-term debt	**$ 400**	$ 465
Long-term debt due within one year	**476**	674
Notes payable with affiliates	**227**	251
Accounts payable	**261**	294
Accounts payable to affiliates	**25**	16
Customer deposits	**64**	64
Taxes	**53**	71
Price risk management liabilities	**1**	2
Regulatory liabilities	**16**	11
Interest	**82**	37
Asset retirement obligations	**41**	50
Other current liabilities	**108**	162
Total Current Liabilities	**1,754**	2,097
Long-term Debt		
Long-term debt	**4,399**	4,200
Long-term debt to affiliate	**1,200**	1,200
Total Long-term Debt	**5,599**	5,400
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	**1,208**	1,175
Investment tax credits	**121**	121
Price risk management liabilities	**16**	21
Accrued pension obligations	**106**	112
Asset retirement obligations	**130**	132
Regulatory liabilities	**1,953**	1,952
Other deferred credits and noncurrent liabilities	**148**	151
Total Deferred Credits and Other Noncurrent Liabilities	**3,682**	3,664
Commitments and Contingent Liabilities (Notes 7 and 11)		
Member's Equity	**5,203**	5,116
Total Liabilities and Equity	**$ 16,238**	$ 16,277

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

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

		Member's Equity
December 31, 2020	$	5,116
Net income		146
Distributions to member		(62)
Other comprehensive income		3
March 31, 2021	$	5,203
December 31, 2019	$	4,942
Net income		135
Distributions to member		(52)
Other comprehensive income		1
March 31, 2020	$	5,026

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

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CONDENSED STATEMENTS OF INCOME
Louisville Gas and Electric Company
(Unaudited)
(Millions of Dollars)

	Three Months Ended March 31, 2021	2020
Operating Revenues		
Retail and wholesale	**$ 421**	$ 393
Electric revenue from affiliate	**7**	14
Total Operating Revenues	**428**	407
Operating Expenses		
Operation		
Fuel	**67**	74
Energy purchases	**66**	52
Energy purchases from affiliate	**5**	—
Other operation and maintenance	**96**	92
Depreciation	**66**	64
Taxes, other than income	**11**	10
Total Operating Expenses	**311**	292
Operating Income	**117**	115
Other Income (Expense) - net	**(2)**	(1)
Interest Expense	**21**	22
Income Before Income Taxes	**94**	92
Income Taxes	**19**	19
Net Income (a)	**$ 75**	$ 73

(a) Net income equals comprehensive income.

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

CONDENSED STATEMENTS OF CASH FLOWS
Louisville Gas and Electric Company
(Unaudited)
(Millions of Dollars)

	Three Months Ended March 31, 2021	2020
Cash Flows from Operating Activities		
Net income	**$ 75**	$ 73
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	**66**	64
Amortization	**2**	2
Defined benefit plans - expense	**1**	1
Deferred income taxes and investment tax credits	**(1)**	1
Change in current assets and current liabilities		
Accounts receivable	**(1)**	14
Accounts receivable from affiliates	**(3)**	(6)
Accounts payable	**8**	(12)
Accounts payable to affiliates	**(5)**	(4)
Unbilled revenues	**19**	11
Fuel, materials and supplies	**28**	27
Regulatory assets and liabilities, net	**(10)**	(2)
Taxes payable	**4**	2
Accrued interest	**18**	18
Other	**(17)**	(10)
Other operating activities		
Defined benefit plans - funding	**(1)**	(4)
Expenditures for asset retirement obligations	**(6)**	(4)
Other assets	**—**	(1)
Other liabilities	**4**	1
Net cash provided by operating activities	**181**	171
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	**(111)**	(117)
Net cash used in investing activities	**(111)**	(117)
Cash Flows from Financing Activities		
Net increase in notes payable with affiliates	**—**	21
Net increase (decrease) in short-term debt	**31**	(79)
Retirement of commercial paper	**(41)**	—
Payment of common stock dividends to parent	**(60)**	(29)
Contributions from parent	**—**	25
Net cash used in financing activities	**(70)**	(62)
Net Increase (Decrease) in Cash and Cash Equivalents	**—**	(8)
Cash and Cash Equivalents at Beginning of Period	**7**	15
Cash and Cash Equivalents at End of Period	**$ 7**	$ 7
Supplemental Disclosure of Cash Flow Information		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at March 31,	**$ 46**	$ 39

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

CONDENSED BALANCE SHEETS
Louisville Gas and Electric Company
(Unaudited)
(Millions of Dollars, shares in thousands)

	March 31, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 7**	$ 7
Accounts receivable (less reserve: 2021, $2; 2020, $2)		
Customer	**129**	127
Other	**25**	35
Unbilled revenues (less reserve: 2021, $1; 2020, $1)	**60**	79
Accounts receivable from affiliates	**19**	16
Fuel, materials and supplies	**91**	119
Prepayments	**13**	14
Regulatory assets	**36**	23
Other current assets	**1**	1
Total Current Assets	**381**	421
Property, Plant and Equipment		
Regulated utility plant	**6,805**	6,735
Less: accumulated depreciation - regulated utility plant	**1,056**	1,020
Regulated utility plant, net	**5,749**	5,715
Construction work in progress	**319**	320
Property, Plant and Equipment, net	**6,068**	6,035
Other Noncurrent Assets		
Regulatory assets	**339**	351
Goodwill	**389**	389
Other intangibles	**34**	35
Other noncurrent assets	**117**	114
Total Other Noncurrent Assets	**879**	889
Total Assets	**$ 7,328**	$ 7,345

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

CONDENSED BALANCE SHEETS
Louisville Gas and Electric Company
(Unaudited)
(Millions of Dollars, shares in thousands)

	March 31, 2021	December 31, 2020
Liabilities and Equity		
Current Liabilities		
Short-term debt	**$ 252**	$ 262
Long-term debt due within one year	**94**	292
Accounts payable	**137**	153
Accounts payable to affiliates	**27**	31
Customer deposits	**31**	32
Taxes	**36**	32
Price risk management liabilities	**1**	2
Regulatory liabilities	**3**	—
Interest	**33**	15
Asset retirement obligations	**14**	10
Other current liabilities	**33**	50
Total Current Liabilities	**661**	879
Long-term Debt	**1,913**	1,715
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	**719**	716
Investment tax credits	**33**	33
Price risk management liabilities	**16**	21
Asset retirement obligations	**48**	57
Regulatory liabilities	**881**	882
Other deferred credits and noncurrent liabilities	**94**	94
Total Deferred Credits and Other Noncurrent Liabilities	**1,791**	1,803
Commitments and Contingent Liabilities (Notes 7 and 11)		
Stockholder's Equity		
Common stock - no par value (a)	**424**	424
Additional paid-in capital	**1,923**	1,923
Earnings reinvested	**616**	601
Total Equity	**2,963**	2,948
Total Liabilities and Equity	**$ 7,328**	$ 7,345

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

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

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

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Total
December 31, 2020	21,294	$ 424	$ 1,923	$ 601	$ 2,948
Net income				75	75
Cash dividends declared on common stock				(60)	(60)
March 31, 2021	21,294	$ 424	$ 1,923	$ 616	$ 2,963
December 31, 2019	21,294	$ 424	$ 1,820	$ 518	$ 2,762
Net income				73	73
Capital contributions from parent			25		25
Cash dividends declared on common stock				(29)	(29)
March 31, 2020	21,294	$ 424	$ 1,845	$ 562	$ 2,831

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

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

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CONDENSED STATEMENTS OF INCOME
Kentucky Utilities Company
(Unaudited)
(Millions of Dollars)

	Three Months Ended March 31, 2021	2020
Operating Revenues		
Retail and wholesale	**$ 464**	$ 432
Electric revenue from affiliate	**5**	—
Total Operating Revenues	**469**	432
Operating Expenses		
Operation		
Fuel	**110**	89
Energy purchases	**5**	5
Energy purchases from affiliate	**7**	14
Other operation and maintenance	**115**	104
Depreciation	**89**	84
Taxes, other than income	**10**	9
Total Operating Expenses	**336**	305
Operating Income	**133**	127
Other Income (Expense) - net	**1**	1
Interest Expense	**27**	28
Income Before Income Taxes	**107**	100
Income Taxes	**21**	20
Net Income (a)	**$ 86**	$ 80

(a) Net income equals comprehensive income.

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

CONDENSED STATEMENTS OF CASH FLOWS
Kentucky Utilities Company
(Unaudited)
(Millions of Dollars)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Cash Flows from Operating Activities		
Net income	**$ 86**	$ 80
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	**89**	84
Amortization	**2**	3
Deferred income taxes and investment tax credits	**(2)**	4
Change in current assets and current liabilities		
Accounts receivable	**2**	6
Accounts receivable from affiliates	**1**	—
Accounts payable	**(7)**	(2)
Accounts payable to affiliates	**2**	(3)
Unbilled revenues	**20**	16
Fuel, materials and supplies	**15**	(3)
Regulatory assets and liabilities, net	**—**	(12)
Taxes payable	**13**	6
Accrued interest	**25**	25
Other	**(17)**	(4)
Other operating activities		
Defined benefit plans - funding	**—**	(1)
Expenditures for asset retirement obligations	**(9)**	(11)
Other assets	**—**	3
Other liabilities	**4**	2
Net cash provided by operating activities	**224**	193
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	**(127)**	(138)
Net increase in notes receivable with affiliates	**—**	(21)
Net cash used in investing activities	**(127)**	(159)
Cash Flows from Financing Activities		
Net decrease in short-term debt	**(23)**	(6)
Retirement of commercial paper	**(32)**	—
Payment of common stock dividends to parent	**(56)**	(37)
Contributions from parent	**—**	37
Net cash used in financing activities	**(111)**	(6)
Net Increase (Decrease) in Cash and Cash Equivalents	**(14)**	28
Cash and Cash Equivalents at Beginning of Period	**22**	12
Cash and Cash Equivalents at End of Period	**$ 8**	$ 40
Supplemental Disclosure of Cash Flow Information		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at March 31,	**$ 40**	$ 39

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

CONDENSED BALANCE SHEETS
Kentucky Utilities Company
(Unaudited)
(Millions of Dollars, shares in thousands)

	March 31, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	$ **8**	$ 22
Accounts receivable (less reserve: 2021, $1; 2020, $1)		
Customer	**153**	156
Other	**25**	30
Unbilled revenues (less reserve: 2021, $1; 2020, $1)	**77**	97
Accounts receivable from affiliates	**—**	1
Fuel, materials and supplies	**109**	123
Prepayments	**13**	15
Regulatory assets	**38**	36
Other current assets	**—**	1
Total Current Assets	**423**	481
Property, Plant and Equipment		
Regulated utility plant	**8,886**	8,808
Less: accumulated depreciation - regulated utility plant	**1,753**	1,690
Regulated utility plant, net	**7,133**	7,118
Construction work in progress	**350**	321
Property, Plant and Equipment, net	**7,483**	7,439
Other Noncurrent Assets		
Regulatory assets	**369**	370
Goodwill	**607**	607
Other intangibles	**25**	26
Other noncurrent assets	**153**	149
Total Other Noncurrent Assets	**1,154**	1,152
Total Assets	$ **9,060**	$ 9,072

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

Table of Contents

CONDENSED BALANCE SHEETS
Kentucky Utilities Company
(Unaudited)
(Millions of Dollars, shares in thousands)

	March 31, 2021	December 31, 2020
Liabilities and Equity		
Current Liabilities		
Short-term debt	**$ 148**	$ 203
Long-term debt due within one year	**132**	132
Accounts payable	**109**	121
Accounts payable to affiliates	**46**	43
Customer deposits	**33**	32
Taxes	**42**	29
Regulatory liabilities	**13**	11
Interest	**44**	19
Asset retirement obligations	**27**	40
Other current liabilities	**40**	59
Total Current Liabilities	**634**	689
Long-term Debt	**2,486**	2,486
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	**839**	835
Investment tax credits	**88**	88
Asset retirement obligations	**82**	75
Regulatory liabilities	**1,072**	1,070
Other deferred credits and noncurrent liabilities	**47**	47
Total Deferred Credits and Other Noncurrent Liabilities	**2,128**	2,115
Commitments and Contingent Liabilities (Notes 7 and 11)		
Stockholder's Equity		
Common stock - no par value (a)	**308**	308
Additional paid-in capital	**2,857**	2,857
Earnings reinvested	**647**	617
Total Equity	**3,812**	3,782
Total Liabilities and Equity	**$ 9,060**	$ 9,072

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

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

CONDENSED STATEMENTS OF EQUITY
Kentucky Utilities Company
(Unaudited)
(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Total
December 31, 2020	37,818	$ 308	$ 2,857	$ 617	$ 3,782
Net income				86	86
Cash dividends declared on common stock				(56)	(56)
March 31, 2021	37,818	$ 308	$ 2,857	$ 647	$ 3,812
December 31, 2019	37,818	$ 308	$ 2,729	$ 537	$ 3,574
Net income				80	80
Capital contributions from parent			37		37
Cash dividends declared on common stock				(37)	(37)
March 31, 2020	37,818	$ 308	$ 2,766	$ 580	$ 3,654

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

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

Combined Notes to Condensed Financial Statements (Unaudited)

Index to Combined Notes to Condensed Financial Statements

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

	Registrant				
	PPL	PPL Electric	LKE	LG&E	KU
1. Interim Financial Statements	x	x	x	x	x
2. Summary of Significant Accounting Policies	x	x	x	x	x
3. Segment and Related Information	x	x	x	x	x
4. Revenue from Contracts with Customers	x	x	x	x	x
5. Earnings Per Share	x				
6. Income Taxes	x	x	x	x	x
7. Utility Rate Regulation	x	x	x	x	x
8. Financing Activities	x	x	x	x	x
9. Acquisitions, Development and Divestitures	x				
10. Defined Benefits	x	x	x	x	x
11. Commitments and Contingencies	x	x	x	x	x
12. Related Party Transactions		x	x	x	x
13. Other Income (Expense) - net	x				
14. Fair Value Measurements	x	x	x	x	x
15. Derivative Instruments and Hedging Activities	x	x	x	x	x
16. Asset Retirement Obligations	x		x	x	x
17. Accumulated Other Comprehensive Income (Loss)	x				

1. Interim Financial Statements

(All Registrants)

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

The accompanying unaudited condensed financial statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X and, therefore, do not include all of the information and footnote disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation in accordance with GAAP are reflected in the condensed financial statements. All adjustments are of a normal recurring nature, except as otherwise disclosed. Each Registrant's Balance Sheet at December 31, 2020 is derived from that Registrant's 2020 audited Balance Sheet. The financial statements and notes thereto should be read in conjunction with the financial statements and notes contained in each Registrant's 2020 Form 10-K. The results of operations for the three months ended March 31, 2021 are not necessarily indicative of the results to be expected for the full year ending December 31, 2021 or other future periods, because results for interim periods can be disproportionately influenced by various factors, developments and seasonal variations.

(PPL)

On March 17, 2021, PPL WPD Limited entered into a share purchase agreement to sell PPL's U.K. utility business, which substantially represents PPL’s U.K. Regulated segment, to a subsidiary of National Grid plc. The results of operations of the U.K. utility business have been classified as Discontinued Operations on PPL's Statements of Income. The assets and liabilities of the U.K. utility business have been 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.

2. Summary of Significant Accounting Policies

(All Registrants)

The following accounting policy disclosures represent updates to Note 1 in each Registrant's 2020 Form 10-K and should be read in conjunction with those disclosures.

Restricted Cash and Cash Equivalents *(PPL)*

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 that sum to the total of the same amounts shown on the Statements of Cash Flows:

	PPL	
	March 31, 2021	December 31, 2020
Cash and cash equivalents	$ 421	$ 442
Restricted cash - current (a)	1	1
Total Cash, Cash Equivalents and Restricted Cash	$ 422	$ 443

(a) 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. On the Balance Sheets, the current portion of restricted cash is included in "Other current assets."

Current Expected Credit Losses

(All Registrants)

The following table shows changes in the allowance for credit losses for the three months ended March 31, 2021:

	Balance at Beginning of Period	Charged to Income	Deductions (a)	Balance at End of Period
PPL				
Accounts Receivable - Customer and Unbilled Revenue	$ 44	$ 2	$ 1	$ 45
Other (b)	28	—	—	28
PPL Electric				
Accounts Receivable - Customer and Unbilled Revenue	$ 39	$ 1	$ —	$ 40
Other	1	—	—	1
LKE				
Accounts Receivable - Customer and Unbilled Revenue	$ 5	$ 1	$ 1	$ 5
Other (b)	27	—	—	27
LG&E				
Accounts Receivable - Customer and Unbilled Revenue	$ 3	$ —	$ —	$ 3
KU				
Accounts Receivable - Customer and Unbilled Revenue	$ 2	$ 1	$ 1	$ 2

(a) Primarily related to uncollectible accounts receivable written off.
(b) Primarily related to receivables at WKE, which are fully reserved.

Income Taxes

The TCJA included new provisions requiring that certain income, referred to as global intangible low-tax income (GILTI), earned by certain foreign subsidiaries must be included in the gross income of their U.S. shareholder. Accounting guidance allows a 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.

In light of the anticipated sale of PPL's U.K. utility business and the associated classification of that business as assets held for sale, indefinite reinvestment is no longer relevant. As such, PPL expects to realize the outside book-tax basis difference in those assets in the foreseeable future. Accordingly, a deferred tax liability is recorded reflecting the expected tax cost associated with the realization of that basis difference.

See Note 6 for additional discussion regarding income taxes, including the impact of the TCJA.

3. Segment and Related Information

(PPL)

See Note 2 in PPL's 2020 Form 10-K for a discussion of reportable segments and related information.

On March 17, 2021, PPL WPD Limited entered into a share purchase agreement to sell PPL's U.K. utility business, which substantially represents PPL's U.K. Regulated segment. As a result of this strategic shift in the operations of the business, PPL will no longer provide segment information for the U.K. Regulated segment. See Note 9 for additional information.

Income Statement data for the segments and reconciliation to PPL's consolidated results for the periods ended March 31 are as follows:

	Three Months 2021	Three Months 2020
Operating Revenues from external customers		
Kentucky Regulated	$ 885	$ 825
Pennsylvania Regulated	605	608
Corporate and Other	8	7
Total	$ 1,498	$ 1,440
Net Income		
Kentucky Regulated (a)	$ 146	$ 127
Pennsylvania Regulated (a)	113	118
Corporate and Other (a)	(56)	(41)
Discontinued Operations (b)	(2,043)	350
Total	$ (1,840)	$ 554

(a) For the period ended March 31, 2020, corporate level financing costs of $8 million, net of $2 million of income taxes, and an immaterial amount were allocated to the Kentucky Regulated and Pennsylvania Regulated segments. Beginning in 2021, corporate level financing costs will no longer be allocated to the reportable segments and are being reported in Corporate and Other.
(b) Includes unrealized gains and losses from hedging foreign currency economic activity. See Note 9 for additional information.

The following provides Balance Sheet data for the segments and reconciliation to PPL's consolidated Balance Sheets as of:

	March 31, 2021	December 31, 2020
Assets		
Kentucky Regulated	$ 15,904	$ 15,943
Pennsylvania Regulated	12,585	12,347
Corporate and Other (a)	867	843
Assets Held for Sale (b)	18,425	18,983
Total	$ 47,781	$ 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, LKE, LG&E and KU)

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

4. Revenue from Contracts with Customers

(All Registrants)

See Note 3 in PPL's 2020 Form 10-K for a discussion of the principal activities from which the Registrants and PPL's segments generate their revenues.

The following tables reconcile "Operating Revenues" included in each Registrant's Statement of Income with revenues generated from contracts with customers for the periods ended March 31.

	2021 Three Months				
	PPL	PPL Electric	LKE	LG&E	KU
Operating Revenues (a)	$ 1,498	$ 605	$ 885	$ 428	$ 469
Revenues derived from:					
Alternative revenue programs (b)	24	22	2	—	2
Other (c)	(6)	—	(6)	(3)	(3)
Revenues from Contracts with Customers	$ 1,516	$ 627	$ 881	$ 425	$ 468

	2020 Three Months				
	PPL	PPL Electric	LKE	LG&E	KU
Operating Revenues (a)	$ 1,440	$ 608	$ 825	$ 407	$ 432
Revenues derived from:					
Alternative revenue programs (b)	(3)	—	(3)	(3)	—
Other (c)	(8)	(2)	(6)	(3)	(3)
Revenues from Contracts with Customers	$ 1,429	$ 606	$ 816	$ 401	$ 429

(a) PPL Electric and LKE represent revenues from external customers reported by the Pennsylvania Regulated and Kentucky Regulated segments. See Note 3 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 program for LG&E, and the generation formula rate for KU. For PPL Electric, the three months ended March 31, 2021 includes a $27 million reserve recorded as a result of a challenge to the transmission formula rate return on equity. See Note 7 for further 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 lease and other miscellaneous revenues.

The following tables show revenues from contracts with customers disaggregated by customer class for the periods ended March 31.

	2021 Three Months				
	PPL	PPL Electric	LKE	LG&E	KU
Residential	$ 774	$ 361	$ 413	$ 205	$ 208
Commercial	313	82	231	121	110
Industrial	152	12	140	46	94
Other (a)	91	12	71	34	37
Wholesale - municipality	6	—	6	—	6
Wholesale - other (b)	20	—	20	19	13
Transmission	160	160	—	—	—
Revenues from Contracts with Customers	$ 1,516	$ 627	$ 881	$ 425	$ 468

	2020 Three Months				
	PPL	PPL Electric	LKE	LG&E	KU
Residential	$ 714	$ 344	$ 370	$ 187	$ 183
Commercial	312	81	231	124	107
Industrial	144	8	136	45	91
Other (a)	87	14	66	28	38
Wholesale - municipality	5	—	5	—	5
Wholesale - other (b)	8	—	8	17	5
Transmission	159	159	—	—	—
Revenues from Contracts with Customers	$ 1,429	$ 606	$ 816	$ 401	$ 429

(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 LKE.

As discussed in Note 2 in PPL's 2020 Form 10-K, 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.

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 periods ended March 31.

	Three Months	
	2021	2020
PPL	$ 2	$ 6
PPL Electric	1	4
LKE	1	2
LG&E	—	1
KU	1	1

The following table shows the balances and certain activity of contract liabilities resulting from contracts with customers.

	PPL	PPL Electric	LKE	LG&E	KU
Contract liabilities at December 31, 2020	$ 40	$ 23	$ 11	$ 5	$ 6
Contract liabilities at March 31, 2021	33	16	10	5	5
Revenue recognized during the three months ended March 31, 2021 that was included in the contract liability balance at December 31, 2020	21	9	11	5	6
Contract liabilities at December 31, 2019	$ 37	$ 21	$ 9	$ 5	$ 4
Contract liabilities at March 31, 2020	34	15	14	10	4
Revenue recognized during the three months ended March 31, 2020 that was included in the contract liability balance at December 31, 2019	19	8	9	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 March 31, 2021, PPL had $47 million of performance obligations attributable to Corporate and Other that have not been satisfied. Of this amount, PPL expects to recognize approximately $38 million within the next 12 months.

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 share-based payment awards were converted to common shares as calculated using the Two-Class Method or Treasury Stock Method.

Reconciliations of the amounts of income and shares of PPL common stock (in thousands) for the periods ended March 31 used in the EPS calculation are:

	Three Months	
	2021	2020
Income (Numerator)		
Income from continuing operations after income taxes available to PPL common shareowners - Basic and Diluted	$ 203	$ 204
Income (loss) from discontinued operations (net of income taxes) available to PPL common shareowners - Basic and Diluted	$ (2,043)	$ 350
Net income (loss) available to PPL common shareowners - Basic and Diluted	$ (1,840)	$ 554
Shares of Common Stock (Denominator)		
Weighted-average shares - Basic EPS	769,159	767,948
Add: Dilutive share-based payment awards	1,551	790
Weighted-average shares - Diluted EPS	770,710	768,738
Basic and Diluted EPS		
Available to PPL common shareowners:		
Income from continuing operations after income taxes	$ 0.26	$ 0.27
Income (loss) from discontinued operations (net of income taxes)	(2.65)	0.45
Net Income (Loss) available to PPL common shareowners	$ (2.39)	$ 0.72

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

	Three Months	
	2021	2020
Stock-based compensation plans	520	598
DRIP	—	434

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

	Three Months	
	2021	2020
Stock-based compensation awards	233	250

6. Income Taxes

Reconciliations of income tax expense (benefit) for the periods ended March 31 are as follows.

(PPL)

	Three Months	
	2021	2020
Federal income tax on Income from Continuing Operations Before Income Taxes at statutory tax rate - 21%	$ 55	$ 56
Increase (decrease) due to:		
State income taxes, net of federal income tax benefit	12	13
Valuation allowance adjustments	8	6
Depreciation and other items not normalized	(2)	(2)
Amortization of excess deferred federal and state income taxes	(12)	(11)
Other	(2)	(1)
Total increase (decrease)	4	5
Total income tax expense (benefit)	$ 59	$ 61

(PPL Electric)

	Three Months	
	2021	2020
Federal income tax on Income Before Income Taxes at statutory tax rate - 21%	$ 32	$ 33
Increase (decrease) due to:		
State income taxes, net of federal income tax benefit	12	13
Depreciation and other items not normalized	(2)	(2)
Amortization of excess deferred federal and state income taxes	(3)	(3)
Other	(2)	—
Total increase (decrease)	5	8
Total income tax expense (benefit)	$ 37	$ 41

(LKE)

	Three Months	
	2021	2020
Federal income tax on Income Before Income Taxes at statutory tax rate - 21%	$ 37	$ 35
Increase (decrease) due to:		
State income taxes, net of federal income tax benefit	7	7
Valuation allowance adjustments	(4)	—
Amortization of excess deferred federal and state income taxes	(7)	(7)
Other	(3)	(1)
Total increase (decrease)	(7)	(1)
Total income tax expense (benefit)	$ 30	$ 34

(LG&E)

	Three Months	
	2021	2020
Federal income tax on Income Before Income Taxes at statutory tax rate - 21%	$ 20	$ 19
Increase (decrease) due to:		
State income taxes, net of federal income tax benefit	4	4
Amortization of excess deferred federal and state income taxes	(3)	(3)
Other	(2)	(1)
Total increase (decrease)	(1)	—
Total income tax expense (benefit)	$ 19	$ 19

(KU)

	Three Months 2021	Three Months 2020
Federal income tax on Income Before Income Taxes at statutory tax rate - 21%	$ 22	$ 21
Increase (decrease) due to:		
State income taxes, net of federal income tax benefit	4	4
Amortization of excess deferred federal and state income taxes	(4)	(4)
Other	(1)	(1)
Total increase (decrease)	(1)	(1)
Total income tax expense (benefit)	$ 21	$ 20

Other

TCJA Regulatory Update (All Registrants)

In July 2020, the IRS issued final and new proposed regulations relating to the limitation on interest deductibility. The final regulations do not apply to the Registrants until the 2021 tax year. The new proposed regulations were finalized on January 5, 2021 and will apply to the Registrants in the 2022 tax year. The Registrants have evaluated the final regulations issued in 2021 and concluded that neither the 2020 or 2021 regulations should have a material impact on the Registrants' financial condition or results of operations.

7. Utility Rate Regulation

(All Registrants)

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

	PPL March 31, 2021	PPL December 31, 2020	PPL Electric March 31, 2021	PPL Electric December 31, 2020
Current Regulatory Assets:				
Plant outage costs	$ 55	$ 46	$ —	$ —
Gas supply clause	8	4	—	—
Smart meter rider	21	17	21	17
Transmission formula rate	20	15	20	15
Storm costs	5	7	5	7
Other	12	10	1	1
Total current regulatory assets	$ 121	$ 99	$ 47	$ 40
Noncurrent Regulatory Assets:				
Defined benefit plans	$ 556	$ 570	$ 282	$ 290
Storm costs	14	17	—	—
Unamortized loss on debt	29	30	7	8
Interest rate swaps	18	23	—	—
Terminated interest rate swaps	74	75	—	—
Accumulated cost of removal of utility plant	234	240	234	240
AROs	304	300	—	—
Other	4	7	2	3
Total noncurrent regulatory assets	$ 1,233	$ 1,262	$ 525	$ 541

	PPL		PPL Electric	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Current Regulatory Liabilities:				
Generation supply charge	$ 18	$ 21	$ 18	$ 21
Transmission service charge	27	1	27	1
Environmental cost recovery	6	4	—	—
Universal service rider	16	22	16	22
Fuel adjustment clause	5	5	—	—
TCJA customer refund	15	11	15	11
Storm damage expense rider	5	6	5	6
Act 129 compliance rider	6	7	6	7
Challenge to transmission formula rate return on equity reserve (a)	27	—	27	—
Other	5	2	—	—
Total current regulatory liabilities	$ 130	$ 79	$ 114	$ 68
Noncurrent Regulatory Liabilities:				
Accumulated cost of removal of utility plant	$ 665	$ 653	$ —	$ —
Power purchase agreement - OVEC	41	43	—	—
Net deferred taxes	1,673	1,690	552	560
Defined benefit plans	64	60	21	18
Terminated interest rate swaps	65	66	—	—
Other	18	18	—	—
Total noncurrent regulatory liabilities	$ 2,526	$ 2,530	$ 573	$ 578

	LKE		LG&E		KU	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Current Regulatory Assets:						
Plant outage costs	$ 55	$ 46	$ 20	$ 12	$ 35	$ 34
Gas supply clause	8	4	8	4	—	—
Other	11	9	8	7	3	2
Total current regulatory assets	$ 74	$ 59	$ 36	$ 23	$ 38	$ 36
Noncurrent Regulatory Assets:						
Defined benefit plans	$ 274	$ 280	$ 170	$ 174	$ 104	$ 106
Storm costs	14	17	9	11	5	6
Unamortized loss on debt	22	22	13	13	9	9
Interest rate swaps	18	23	18	23	—	—
Terminated interest rate swaps	74	75	43	44	31	31
AROs	304	300	85	85	219	215
Other	2	4	1	1	1	3
Total noncurrent regulatory assets	$ 708	$ 721	$ 339	$ 351	$ 369	$ 370

	LKE		LG&E		KU	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Current Regulatory Liabilities:						
Environmental cost recovery	$ 6	$ 4	$ —	$ —	$ 6	$ 4
Fuel adjustment clause	5	5	1	—	4	5
Other	5	2	2	—	3	2
Total current regulatory liabilities	$ 16	$ 11	$ 3	$ —	$ 13	$ 11
Noncurrent Regulatory Liabilities:						
Accumulated cost of removal of utility plant	$ 665	$ 653	$ 278	$ 274	$ 387	$ 379
Power purchase agreement - OVEC	41	43	28	30	13	13
Net deferred taxes	1,121	1,130	525	528	596	602
Defined benefit plans	43	42	1	—	42	42
Terminated interest rate swaps	65	66	33	33	32	33
Other	18	18	16	17	2	1
Total noncurrent regulatory liabilities	$ 1,953	$ 1,952	$ 881	$ 882	$ 1,072	$ 1,070

(a) See “Regulatory Matters - Federal Matters - Challenge to PPL Electric Transmission Formula Rate Return on Equity” below for further information.

Regulatory Matters

Kentucky Activities *(PPL, LKE, 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 would be 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. The agreement proposes increases in annual revenues of $217 million ($77 million and $116 million in electricity revenues at LG&E and KU and $24 million in gas revenues at LG&E) based on an authorized return on equity of 9.55%. The proposal includes an authorized 9.35% return on equity for the ECR and GLT mechanisms. The agreement does not modify the requested one-year billing credit. The agreement proposes that the KPSC should grant LG&E’s and KU’s request for a CPCN to deploy Advanced Metering Infrastructure and proposes the establishment of a Retired Asset Recovery rider (RAR) 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, the agreement proposes that LG&E and KU will continue to use currently approved depreciation rates for Mill Creek units 1 and 2 and Brown Unit 3. The agreement also proposes 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.

A hearing on the agreement, and the underlying proceedings, was completed on April 28, 2021. Subject to KPSC approval, the rates, decreased by the amount of the billing credit, are expected to become effective July 1, 2021. An Order on the net metering issues is expected by the end of September 2021. PPL, LKE, LG&E and KU cannot predict the outcome of these proceedings.

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 (Phase IV Act 129 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.

Federal Matters

Challenge to 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 is unjust and unreasonable, and proposing an alternative ROE of 8.0% based on its interpretation of FERC Opinion No. 569. However, also on May 21, 2020, the FERC issued Opinion No. 569-A in response to numerous requests for rehearing of Opinion No. 569, which revised the method for analyzing base ROE. On June 10, 2020, PPLICA filed a Motion to Supplement the May 21, 2020 complaint in which PPLICA continued to allege that PPL Electric’s base ROE is unjust and unreasonable, but revised its analysis of PPL Electric's base ROE to reflect the guidance provided in Opinion No. 569-A. The amended complaint proposed an updated alternative ROE of 8.5% and also requested that the FERC preserve the original refund effective date as established by the filing of the original complaint on May 21, 2020. Several parties have filed motions to intervene, including one party who filed Comments in Support of the original complaint.

On July 10, 2020, PPL Electric filed its Answer and supporting Testimony to the PPLICA filings arguing that the FERC should deny the original and amended complaints as they are without merit and fail to demonstrate the existing base ROE is unjust and unreasonable. In addition, PPL Electric contended any refund effective date should be set for no earlier than June 10, 2020 and PPLICA's proposed replacement ROE should be rejected.

On October 15, 2020, the FERC issued an order on the PPLICA complaints which established hearing and settlement procedures, set a refund effective date of May 21, 2020 and granted the motions to intervene. On November 16, 2020, PPL Electric filed a request for rehearing of the portion of the October 15, 2020 Order that set the May 21, 2020 refund effective date. On December 17, 2020, the FERC issued a Notice of Denial of Rehearing by Operation of Law and Providing for Further Consideration. On February 16 and April 19, 2021, PPL Electric filed Petitions for Review with the United States Court of Appeals for the District of Columbia Circuit of the portion of the October 15, 2020 Order that set the May 21, 2020 refund effective date.

PPL Electric continues to believe its ROE is just and reasonable and that it has meritorious defenses against the original and amended complaints. Settlement negotiations are currently proceeding, but there can be no assurance that they will result in a final settlement. Although PPL Electric cannot predict the outcome of this matter, in the first quarter of 2021, PPL Electric recorded a revenue reserve of $19 million after-tax. Of this amount, $13 million relates to the period from May 21, 2020 to December 31, 2020. Additional revenue earned from May 21, 2020 through the ultimate resolution of this matter may be subject to refund. A change of 50 basis points to the base ROE would impact PPL Electric's net income by approximately $12 million on an annual basis.

FERC Transmission Rate Filing (PPL, LKE, 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. Due to the development of robust, accessible energy markets over time, LG&E and KU believe the mitigation commitments are no longer relevant or appropriate. In March 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, subject to FERC review and approval. In July 2019, LG&E and KU proposed their transition mechanism to the FERC and in September 2019, the FERC rejected the proposed transition mechanism. In September 2020, the FERC issued orders in the rehearing process that modified various aspects of the September 2019 orders which had approved future termination of the credits, including adjusting which customer arrangements are covered by the transition mechanism and respective future periods or dates for termination of credits. In November 2020, the FERC denied the parties' rehearing requests. In November 2020 and January 2021, LG&E and KU and other parties appealed the September 2020 and November 2020 orders at the D.C. Circuit Court of Appeals. The appellate proceedings are continuing, and also include certain additional prior pending petitions for review relating to the matter. On January 15, 2021, LG&E and KU made a filing seeking FERC acceptance of a new proposal for a transition mechanism. On March 16, 2021, the FERC accepted the filed transition mechanism agreements effective on March 17, 2021 but subject to refund, and established hearing and settlement procedures. LG&E and KU are also required to make certain compliance filings consistent with the March 16, 2021 order. 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 the three months ended March 31, 2021, and 2020, PPL Electric purchased $324 million and $311 million 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 act as a backstop to commercial paper programs. For reporting purposes, on a consolidated basis, the credit facilities and commercial paper programs of PPL Electric, LKE, LG&E and KU also apply to PPL and the credit facilities and commercial paper programs of LG&E and KU also apply to LKE. The amounts 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 due within one year” at March 31, 2021 and “Long-term debt” at December 31, 2020. The following credit facilities were in place at:

	Expiration Date	March 31, 2021 Capacity	March 31, 2021 Borrowed	March 31, 2021 Letters of Credit and Commercial Paper Issued	March 31, 2021 Unused Capacity	December 31, 2020 Borrowed	December 31, 2020 Letters of Credit and Commercial Paper Issued
PPL							
PPL Capital Funding							
Syndicated Credit Facility	Jan. 2024	$ 1,450	$ —	$ 942	$ 508	$ —	$ 402
Term Loan Credit Facility	Mar. 2022	100	100	—	—	100	—
Bilateral Credit Facility	Mar. 2022	50	—	—	50	—	—
Bilateral Credit Facility	Mar. 2022	50	—	15	35	—	15
Term Loan Credit Facility	Mar. 2021	—	—	—	—	100	—
Term Loan Credit Facility	Mar. 2021	—	—	—	—	200	—
Total PPL Capital Funding Credit Facilities		$ 1,650	$ 100	$ 957	$ 593	$ 400	$ 417
PPL Electric							
Syndicated Credit Facility	Jan. 2024	$ 650	$ —	$ 206	$ 444	$ —	$ 1
LG&E							
Syndicated Credit Facility	Jan. 2024	$ 500	$ —	$ 252	$ 248	$ —	$ 262
KU							
Syndicated Credit Facility	Jan. 2024	$ 400	$ —	$ 148	$ 252	$ —	$ 203

(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:

	March 31, 2021 Weighted - Average Interest Rate	March 31, 2021 Capacity	March 31, 2021 Commercial Paper Issuances	March 31, 2021 Unused Capacity	December 31, 2020 Weighted - Average Interest Rate	December 31, 2020 Commercial Paper Issuances
PPL Capital Funding	0.22%	$ 1,500	$ 942	$ 558	0.25%	$ 402
PPL Electric	0.20%	650	205	445		—
LG&E (a)	0.22%	425	252	173	0.28%	262
KU	0.21%	350	148	202	0.28%	203
Total		$ 2,925	$ 1,547	$ 1,378		$ 867

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

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

See Note 12 for discussion of intercompany borrowings.

Long-term Debt

(PPL)

In April 2021, PPL Capital Funding repaid the $100 million term loan credit facility expiring in March 2022.

(PPL, LKE 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.

(PPL)

Equity Securities

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 three months ended March 31, 2021. The ATM program expired in February 2021.

Distributions

In February 2021, PPL declared a quarterly common stock dividend, payable April 1, 2021, of 41.5 cents per share (equivalent to $1.66 per annum). Future dividends, declared at the discretion of the Board of Directors, will depend upon future earnings, cash flows, financial and legal requirements and other factors.

9. Acquisitions, Development and Divestitures

(PPL)

Discontinued Operations

Share Purchase Agreement to Sell 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. will acquire 100% of the issued share capital of PPL WPD Investments Limited (WPD Investments) for £7.8 billion in cash. WPD Limited will 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 are not paid for that period.

The completion of the transaction, which is currently expected to occur by the end of July 2021, is subject to approval by National Grid plc's shareholders and receipt of regulatory approvals from the Financial Conduct Authority (the FCA), the Guernsey Financial Services Commission and, if applicable at the time of closing, from the U.K. Secretary of State in connection with the National Security and Investment Bill 2020. On April 22, 2021, National Grid plc’s shareholders approved the transaction pursuant to the listing rules of the FCA. On May 4, 2021, the Guernsey Financial Services Commission approved the transaction. The approval of the FCA is the sole remaining approval before the transaction can be consummated.

WPD Limited and National Grid U.K. have each made customary representations and warranties in the WPD SPA, as well as certain customary covenants by WPD Limited to conduct the businesses that are subject to the WPD SPA in the ordinary course between the execution of the WPD SPA and the closing of the sale. National Grid U.K., at its expense, has purchased warranty and indemnity insurance. The consummation of the transaction is not subject to a financing condition. PPL will not have any significant involvement with the U.K. utility business after completion of the sale.

Loss on Sale

In connection with entering into the WPD SPA, the U.K. utility business has met the accounting criteria to be classified as assets and liabilities held for sale and discontinued operations beginning with the first quarter of 2021. Accordingly, PPL’s investment in the U.K. utility business has been reported at its estimated fair value, less costs to sell, resulting in an estimated pre-tax loss on sale of $1.6 billion as of March 31, 2021, as determined below.

	Three Months
	2021
Sales proceeds (a)	$ 10,806
Costs to sell (b)	48
Carrying value (c)	12,405
Loss on Sale (d)	(1,647)

(a) Amount represents a contractual selling price of £7.8 billion (a Level 1 fair value measurement) as well as accrued additional consideration of approximately £49 million converted at the March 31, 2021 spot rate of $1.38 per GBP.
(b) Estimated amounts incurred for bank advisory, legal and accounting fees to facilitate the transaction.
(c) The measurement of PPL’s carrying value of the U.K. utility business includes the realization of accumulated other comprehensive losses of $3.7 billion, which arose primarily from currency translation adjustments and defined benefit plans associated with the U.K. utility business.
(d) This loss has been recorded as a reduction to goodwill.

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 periods ended March 31:

	Three Months	
	2021	2020
Operating Revenues	$ 634	$ 614
Operating Expenses	252	222
Other Income (Expense) - net	66	130
Interest Expense (a)	93	93
Income before income taxes	355	429
Loss on sale	(1,647)	—
Income tax expense (b)	751	79
Income (loss) from Discontinued Operations (net of income taxes)	$ (2,043)	$ 350

(a) No interest from corporate level debt was allocated to discontinued operations.
(b) 2021 primarily includes a federal tax expense of $689 million for the recognition of the tax cost associated with the realization of the book-tax outside basis difference in PPL's investment in the U.K. utility business and foreign tax expense of $73 million on current year operations.

Summarized Assets and Liabilities Held for Sale

The assets and liabilities of PPL's U.K. utility business at March 31, 2021 and December 31, 2020 are included in "Current assets held for sale" and "Current liabilities held for sale" on PPL's Balance Sheets. The following major classes of assets and liabilities were reclassified on PPL's Balance Sheet as of March 31, 2021 and December 31, 2020:

	Held for Sale at March 31, 2021	Held for Sale at December 31, 2020
Cash and cash equivalents	$ 152	$ 266
Accounts receivable and unbilled revenues	459	389
Price risk management assets	62	146
Property, plant and equipment, net (a)	15,236	14,392
Goodwill (b)	1,029	2,558
Other intangibles	434	413
Pension benefit asset	911	682
Other assets	142	137
Total Assets	$ 18,425	$ 18,983
Short-term debt and long-term debt due within one year	$ 812	$ 994
Accounts payable	199	220
Customer deposits	240	217
Accrued interest	178	190
Long-term debt	8,297	7,938
Total deferred income taxes	1,123	1,032
Price risk management liabilities	180	137
Other deferred credits and liabilities	347	295
Total Liabilities	$ 11,376	$ 11,023
Net assets (c)	$ 7,049	$ 7,960

(a) Depreciation of fixed assets ceased upon classification as held for sale.
(b) The change in Goodwill is due to the loss on sale of $1,647 million and a gain on foreign currency translation of $118 million.
(c) The net assets and liabilities held for sale exclude $3.7 billion of accumulated other comprehensive losses related to the U.K. utility business that are required to be included in the carrying value of the loss on sale calculation presented above. Accumulated other comprehensive losses related to the U.K. utility business will be reported as a component of PPL's equity until the sale of the U.K. utility business occurs.

Acquisitions

Share Purchase Agreement to Acquire The Narragansett Electric Company

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 The Narragansett Electric Company (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, which is currently expected to occur by March 2022, is subject to the prior closing of the sale of WPD Investments to National Grid U.K. and is also subject to the receipt of certain U.S. regulatory approvals, including, among others, clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, receipt of the approvals, authorizations or waivers from the Rhode Island Division of Public Utilities and Carriers, the FERC and the Massachusetts Department of Public Utilities, as well as other customary conditions to closing, including the execution and delivery of certain related transaction documents. 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 PPL Energy Holdings and/or one or more of its subsidiaries 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. Defined Benefits

(PPL, LKE and LG&E)

Certain net periodic defined benefit costs are applied to accounts that are further distributed among capital, expense, regulatory assets and regulatory liabilities, including certain costs allocated to applicable subsidiaries for plans sponsored by PPL Services and LKE. Following are the net periodic defined benefit costs (credits) of the plans sponsored by PPL and its subsidiaries, LKE, and LG&E for the periods ended March 31:

	Pension Benefits			
	Three Months			
	U.S.		U.K. (a)	
	2021	2020	2021	2020
PPL				
Service cost	$ 13	$ 13	$ 25	$ 23
Interest cost	32	38	29	36
Expected return on plan assets	(61)	(60)	(177)	(158)
Amortization of:				
Prior service cost	2	2	—	—
Actuarial loss	25	20	54	54
Net periodic defined benefit costs (credits)	$ 11	$ 13	$ (69)	$ (45)

(a) U.K. amounts are reflected in discontinued operations. See Note 9 for additional information on the share purchase agreement to sell the U.K. utility business.

	Pension Benefits	
	Three Months	
	2021	2020
LKE		
Service cost	$ 6	$ 5
Interest cost	14	16
Expected return on plan assets	(24)	(24)
Amortization of:		
Prior service cost	2	2
Actuarial loss (a)	11	9
Net periodic defined benefit costs (credits)	$ 9	$ 8

(a) As a result of treatment approved by the KPSC, the difference between actuarial loss calculated in accordance with LKE's accounting policy and actuarial loss calculated using a 15-year amortization period was $3 million for the three months ended March 31, 2021 and 2020.

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	Other Postretirement Benefits	
	Three Months	
	2021	2020
PPL		
Service cost	$ 2	$ 2
Interest cost	4	5
Expected return on plan assets	(5)	(5)
Net periodic defined benefit costs	$ 1	$ 2
LKE		
Service cost	$ 1	$ 1
Interest cost	2	2
Expected return on plan assets	(2)	(2)
Net periodic defined benefit costs	$ 1	$ 1

(PPL Electric, LG&E and KU)

PPL Electric is allocated costs of defined benefit plans sponsored by PPL Services and LG&E and KU are allocated costs of defined benefit plans sponsored by LKE. LG&E and KU are also allocated costs of defined benefit plans from LKS for defined benefit plans sponsored by LKE. See Note 12 for additional information on costs allocated to LG&E and KU from LKS. These allocations are based on participation in those plans, which management believes are reasonable. For the periods ended March 31, PPL Services allocated the following net periodic defined benefit costs to PPL Electric, and LKE allocated the following net periodic defined benefit costs to LG&E and KU:

	Three Months	
	2021	2020
PPL Electric	$ —	$ 3
LG&E	3	3
KU	1	1

(All Registrants)

The non-service cost components of net periodic defined benefit costs (credits) (interest cost, expected return on plan assets, amortization of prior service cost and amortization of actuarial gain and loss) are presented in "Other Income (Expense) - net" on the Statements of Income. See Note 13 for additional information.

11. Commitments and Contingencies

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.

Talen Litigation *(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 a 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 a trial has been scheduled for February 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 and the Delaware Action are both in early stages of litigation; at this time, PPL cannot predict the outcome 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.

(PPL, LKE and LG&E)

Cane Run Environmental Claims

In December 2013, six residents, on behalf of themselves and others similarly situated, filed a class action complaint against LG&E and PPL in the U.S. District Court for the Western District of Kentucky (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 seek 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 21, 2021, the Kentucky Supreme Court denied further review of the lower court order. The case will be remanded to the Jefferson Circuit Court for the claims of the three remaining petitioners to be heard on an individual basis. PPL, LKE and LG&E cannot predict the ultimate outcome of the remaining proceedings, but do not anticipate this matter will have a material impact on operations or financial condition.

(PPL, LKE and KU)

E.W. Brown Environmental Claims

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 October 2018, KU filed a petition for rehearing to the U.S. Court of Appeals for the Sixth Circuit regarding the RCRA claims. In November 2018, the U.S. Court of Appeals for the Sixth Circuit denied KU's petition for rehearing regarding the RCRA claims. In January 2019, KU filed an answer to plaintiffs' complaint in the U.S. District Court. Discovery is complete and the parties' motions for partial summary judgment are pending. In December 2020, the U.S. District Court delayed the trial scheduled for February 2, 2021 indefinitely due to pandemic considerations. PPL, LKE and KU cannot predict the outcome of these matters and an estimate or range of possible losses cannot be determined.

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. However, until the KEEC assesses the study and issues any regulatory determinations, PPL, LKE and KU are unable to determine whether additional remedial measures will be required at the E.W. Brown plant.

Air

Sulfuric Acid Mist Emissions (PPL, LKE and LG&E)

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. PPL, LKE and LG&E are unable to predict the outcome of this matter or the potential impact on operations of the Mill Creek plant, including increased capital or operating costs, and potential civil penalties or remedial measures, if any. An estimate or range of possible losses cannot be determined.

Water/Waste

(PPL, LKE, 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 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.

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, LKE, LG&E and KU are unable to predict the outcome of the ongoing litigation and rulemaking 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. The Kentucky Energy and Environmental Cabinet has announced it intends to propose new state rules aimed at addressing procedural deficiencies identified by the court and providing the regulatory framework necessary for operation of the state program in lieu of the federal CCR Rule. 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 16 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 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.

As of March 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. PPL, PPL Electric, LKE, LG&E and KU cannot estimate a range of possible losses, if any, related to these matters.

Regulatory Issues *(All Registrants)*

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.

Other

Guarantees and Other Assurances

(All Registrants)

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

(PPL)

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

(All Registrants)

The table below details guarantees provided as of March 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 except for "WPD guarantee of pension and other obligations of unconsolidated entities," for which PPL has a total recorded liability of $4 million at March 31, 2021 and $5 million at December 31, 2020, which is included in “Current liabilities held for sale” on the Balance Sheets. For reporting purposes, on a consolidated basis, all guarantees of PPL Electric, LKE, LG&E and KU also apply to PPL, and all guarantees of LG&E and KU also apply to LKE.

	Exposure at March 31, 2021		Expiration Date
PPL			
WPD indemnifications for entities in liquidation and sales of assets	$ 11	(a)	2023
WPD guarantee of pension and other obligations of unconsolidated entities	96	(b)	
LKE			
Indemnification of lease termination and other divestitures	$ 200	(c)	2021
LG&E and KU			
LG&E and KU obligation of shortfall related to OVEC		(d)	

(a) Indemnification to the liquidators and certain others for existing liabilities or expenses or liabilities arising during the liquidation process. The indemnifications are limited to distributions made from the subsidiary to its parent either prior or subsequent to liquidation or are not explicitly stated in the agreements. The indemnifications generally expire two to seven years subsequent to the date of dissolution of the entities. The exposure noted only includes those cases where the agreements provide for specific limits.

In connection with their sales of various businesses, WPD and its affiliates have provided the purchasers with indemnifications that are standard for such transactions, including indemnifications for certain pre-existing liabilities and environmental and tax matters or have agreed to continue their obligations under existing third-party guarantees, either for a set period of time following the transactions or upon the condition that the purchasers make reasonable efforts to terminate the guarantees. Additionally, WPD and its affiliates remain secondarily responsible for lease payments under certain leases that they have assigned to third parties.

(b) Relates to certain obligations of discontinued or modified electric associations that were guaranteed at the time of privatization by the participating members. Costs are allocated to the members and can be reallocated if an existing member becomes insolvent. At March 31, 2021, WPD has recorded an estimated discounted liability for which the expected payment/performance is probable. Neither the expiration date nor the maximum amount of potential payments for certain obligations is explicitly stated in the related agreements, and as a result, the exposure has been estimated.

(c) LKE provides certain indemnifications covering the due and punctual payment, performance and discharge by each party of its respective obligations. The most comprehensive of these guarantees is the LKE guarantee covering operational, regulatory and environmental commitments and indemnifications made by WKE under a 2009 Transaction Termination Agreement. This guarantee has a term of 12 years ending July 2021, and a maximum exposure of $200 million exclusive of certain items such as government fines and penalties that may exceed the maximum. Additionally, LKE has indemnified various third parties related to historical obligations for other divested subsidiaries and affiliates. The indemnifications vary by entity and the maximum exposures range from being capped at the sale price to no specified maximum. LKE could be required to perform on these indemnifications in the event of covered losses or liabilities being claimed by an indemnified party. LKE cannot predict the ultimate outcomes of the various indemnification scenarios, but does not expect such outcomes to result in significant losses above the amounts recorded.

(d) 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. LKE's proportionate share of OVEC's outstanding debt was $103 million at March 31, 2021, consisting of LG&E's share of $71 million and KU's share of $32 million. The maximum exposure and the expiration date of these potential obligations are not presently determinable. See "Energy Purchase Commitments" in Note 11 in PPL's, LKE's, LG&E's and KU's 2020 Form 10-K 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 extraordinary challenges to businesses, communities, workforces and markets. In the U.S. and throughout the world, governmental authorities have taken urgent and extensive 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 legislative or regulatory actions to address health or other pandemic-related concerns, all of which 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 further 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.

12. Related Party Transactions

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

PPL Services, PPL EU Services and LKS provide PPL, PPL Electric and LKE, their respective subsidiaries, including LG&E and KU, 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 periods ended March 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.

	Three Months	
	2021	2020
PPL Electric from PPL Services	$ 10	$ 10
LKE from PPL Services	6	6
PPL Electric from PPL EU Services	50	41
LG&E from LKS	42	38
KU from LKS	44	41

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

Intercompany Borrowings

(PPL Electric)

PPL Energy Funding maintains a $650 million revolving line of credit with a PPL Electric subsidiary. No balance was outstanding at March 31, 2021 and 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.

(LKE)

LKE maintains a $375 million revolving line of credit with a PPL Energy Funding subsidiary whereby LKE can borrow funds on a short-term basis at market-based rates. The interest rates on borrowings are equal to one-month LIBOR plus a spread. At March 31, 2021 and December 31, 2020, $227 million and $251 million were outstanding and reflected in "Notes payable with affiliates" on the Balance Sheets. The interest rates on the outstanding borrowings at March 31, 2021 and December 31, 2020 were 1.62% and 1.65%. Interest expense on the revolving line of credit was not significant for the three months ended March 31, 2021 and 2020.

LKE maintains an agreement with a PPL affiliate that has a $300 million borrowing limit whereby LKE can loan funds on a short-term basis at market-based rates. No balance was outstanding at March 31, 2021 and December 31, 2020. The interest rate on the loan is based on the PPL affiliate's credit rating and equal to one-month LIBOR plus a spread.

LKE maintains ten-year notes with a combined value of $1.2 billion with a PPL affiliate with a weighted-average interest rate of 3.89% and maturities ranging from 2026 to 2030. At March 31, 2021 and December 31, 2020, the notes were reflected in "Long-term debt to affiliate" on the Balance Sheets. The total interest expense on the 10-year notes was $12 million and $7 million for the three months ended March 31, 2021 and 2020.

(LG&E and KU)

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 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. LG&E's money pool borrowing limit is $325 million. No balances were outstanding at March 31, 2021 and December 31, 2020.

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 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. KU's money pool borrowing limit is $300 million. No balances were outstanding at March 31, 2021 and 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 PPL Electric's 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 $20 million as of March 31, 2021, of which $10 million was reflected in "Accounts receivable from affiliates" and $10 million was reflected in "Other noncurrent assets" on the PPL Electric Balance Sheet. 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 PPL Electric Balance Sheet.

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

See Note 10 for discussions regarding intercompany allocations associated with defined benefits.

13. Other Income (Expense) - net

(PPL)

The details of "Other Income (Expense) - net" for the periods ended March 31, were:

	Three Months	
	2021	2020
Other Income		
Defined benefit plans - non-service credits (Note 10)	$ 4	$ 1
AFUDC - equity component	4	3
Miscellaneous	—	1
Total Other Income	8	5
Other Expense		
Charitable contributions	1	1
Miscellaneous	7	9
Total Other Expense	8	10
Other Income (Expense) - net	$ —	$ (5)

14. 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 in each Registrant's 2020 Form 10-K for information on the levels in the fair value hierarchy.

Recurring Fair Value Measurements

The assets and liabilities measured at fair value were:

	March 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	$ 421	$ 421	$ —	$ —	$ 442	$ 442	$ —	$ —
Restricted cash and cash equivalents (a)	1	1	—	—	1	1	—	—
Special use funds (a):								
Commingled debt fund measured at NAV (b)	25	—	—	—	26	—	—	—
Commingled equity fund measured at NAV (b)	24	—	—	—	25	—	—	—
Total special use funds	49	—	—	—	51	—	—	—
Total assets	$ 471	$ 422	$ —	$ —	$ 494	$ 443	$ —	$ —
Liabilities								
Price risk management liabilities (c):								
Interest rate swaps	$ 17	$ —	$ 17	$ —	$ 23	$ —	$ 23	$ —
Total price risk management liabilities	$ 17	$ —	$ 17	$ —	$ 23	$ —	$ 23	$ —
PPL Electric								
Assets								
Cash and cash equivalents	$ 29	$ 29	$ —	$ —	$ 40	$ 40	$ —	$ —
Total assets	$ 29	$ 29	$ —	$ —	$ 40	$ 40	$ —	$ —
LKE								
Assets								
Cash and cash equivalents	$ 16	$ 16	$ —	$ —	$ 29	$ 29	$ —	$ —
Total assets	$ 16	$ 16	$ —	$ —	$ 29	$ 29	$ —	$ —
Liabilities								
Price risk management liabilities:								
Interest rate swaps	$ 17	$ —	$ 17	$ —	$ 23	$ —	$ 23	$ —
Total price risk management liabilities	$ 17	$ —	$ 17	$ —	$ 23	$ —	$ 23	$ —
LG&E								
Assets								
Cash and cash equivalents	$ 7	$ 7	$ —	$ —	$ 7	$ 7	$ —	$ —
Total assets	$ 7	$ 7	$ —	$ —	$ 7	$ 7	$ —	$ —

	March 31, 2021				December 31, 2020			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Liabilities								
Price risk management liabilities:								
Interest rate swaps	$ 17	$ —	$ 17	$ —	$ 23	$ —	$ 23	$ —
Total price risk management liabilities	$ 17	$ —	$ 17	$ —	$ 23	$ —	$ 23	$ —
KU								
Assets								
Cash and cash equivalents	$ 8	$ 8	$ —	$ —	$ 22	$ 22	$ —	$ —
Total assets	$ 8	$ 8	$ —	$ —	$ 22	$ 22	$ —	$ —

(a) Included in "Other current 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 Balance Sheets.
(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 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. The funds are invested primarily in commingled debt and equity funds measured at NAV and are classified as investments in equity securities. Changes in fair value of the funds are recorded to the Statements of Income.

Price Risk Management Assets/Liabilities - Interest Rate Swaps/Foreign Currency Contracts/Cross-Currency Swaps

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

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

Nonrecurring Fair Value Measurements *(PPL)*

See Note 9 for information regarding the estimated fair value of the U.K. utility business which is classified as held for sale as of March 31, 2021.

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.

	March 31, 2021		December 31, 2020	
	Carrying Amount (a)	Fair Value	Carrying Amount (a)	Fair Value
PPL	$ 14,691	$ 16,607	$ 14,689	$ 17,774
PPL Electric	4,237	4,881	4,236	5,338
LKE	6,075	7,051	6,074	7,589
LG&E	2,007	2,321	2,007	2,499
KU	2,618	3,042	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.

15. 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. PPL and WPD hold over-the-counter cross currency swaps to limit exposure to market fluctuations on interest and principal payments from changes in foreign currency exchange rates and interest rates. PPL, LKE and LG&E utilize over-the-counter interest rate swaps to limit exposure to market fluctuations on floating-rate debt. PPL, LKE, LG&E and KU utilize forward starting interest rate swaps to hedge changes in benchmark interest rates, when appropriate, in connection with future debt issuances.
- PPL and its subsidiaries are exposed to interest rate risk associated with debt securities and derivatives held by defined benefit plans. This risk is significantly mitigated to the extent that the plans are sponsored at, or sponsored on behalf of, the regulated domestic utilities and for certain plans at WPD due to the recovery methods in place.

Foreign Currency Risk (PPL)

- PPL is 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 is exposed to volumetric risk which is significantly mitigated as a result of the method of regulation in the U.K. Under the RIIO-ED1 price control regulations, recovery of such exposure occurs on a two year lag. See Note 1 in PPL's 2020 Form 10-K for additional information on revenue recognition under RIIO-ED1.
- 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 at the regulated domestic utilities and for certain plans at WPD 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" interest rate derivatives with financial institutions, 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, LKE, 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 March 31, 2021 and December 31, 2020.

PPL had a $22 million obligation and no obligation to post cash collateral under master netting arrangements at March 31, 2021 and December 31, 2020.

LKE, LG&E and KU had no obligation to return cash collateral under master netting arrangements at March 31, 2021 and December 31, 2020.

LKE, LG&E and KU had no obligation to post cash collateral under master netting arrangements at March 31, 2021.and December 31, 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 March 31, 2021.

At March 31, 2021, PPL held an aggregate notional value in cross-currency interest rate swap contracts of $202 million that mature in 2028 to hedge the interest payments and principal of WPD's U.S. dollar-denominated senior notes. 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 the three months ended March 31, 2021 and 2020, PPL had no cash flow hedges reclassified into earnings associated with discontinued cash flow hedges.

At March 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, LKE 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 March 31, 2021, LG&E held contracts with a notional amount of $64 million that mature in 2033.

Foreign Currency Risk *(PPL)*

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

Net Investment Hedges

PPL enters into foreign currency contracts on behalf of a subsidiary to protect the value of a portion of its net investment in WPD. There were no contracts outstanding at March 31, 2021.

At March 31, 2021 and 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.

Economic Activity

PPL enters into foreign currency contracts on behalf of a subsidiary to economically hedge GBP-denominated anticipated earnings and anticipated transactions, including the anticipated sale of its U.K. utility business. At March 31, 2021, the total exposure hedged by PPL was approximately £7.5 billion.

Accounting and Reporting

(All Registrants)

All derivative instruments are recorded at fair value on the Balance Sheet as an asset or liability unless NPNS is elected. NPNS contracts 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 March 31, 2021 and December 31, 2020.

See Note 1 in each Registrant's 2020 Form 10-K 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.

	March 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:								
Interest rate swaps (a) (b)	$ —	$ 1	$ —	$ —	$ —	$ —	$ —	$ 2
Cross-currency swaps (c)	2	—	—	—	94	—	—	—
Foreign currency contracts (c)	—	—	23	180	—	—	—	137
Total current	2	1	23	180	94	—	—	139
Noncurrent:								
Price Risk Management								
Assets/Liabilities:								
Interest rate swaps (a) (b)	—	16	—	—	—	—	—	21
Cross-currency swaps (c)	37	—	—	—	52	—	—	—
Total noncurrent	37	16	—	—	52	—	—	21
Total derivatives	$ 39	$ 17	$ 23	$ 180	$ 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 Sheets.

The following tables present the pre-tax effect of derivative instruments recognized in income, OCI or regulatory assets and regulatory liabilities for the period ended March 31, 2021.

Derivative Relationships	Three Months Derivative Gain (Loss) Recognized in OCI	Location of Gain (Loss) Recognized in Income on Derivative	Three Months Gain (Loss) Reclassified from AOCI into Income
Cash Flow Hedges:			
Interest rate swaps	$ —	Interest expense	$ (1)
		Income (Loss) from Discontinued Operations (net of taxes)	(1)
Cross-currency swaps	(46)	Income (Loss) from Discontinued Operations (net of taxes)	(37)
Total	$ (46)		$ (39)

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Three Months
Foreign currency contracts	Income (Loss) from Discontinued Operations (net of taxes)	$ (25)
Interest rate swaps	Interest expense	(1)
	Total	$ (26)

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized as Regulatory Liabilities/Assets	Three Months
Interest rate swaps	Regulatory assets - noncurrent	$ 6

The following tables present the pre-tax effect of derivative instruments recognized in income, OCI or regulatory assets and regulatory liabilities for the period ended March 31, 2020.

Derivative Relationships	Three Months Derivative Gain (Loss) Recognized in OCI		Location of Gain (Loss) Recognized in Income on Derivative	Three Months Gain (Loss) Reclassified from AOCI into Income	
Cash Flow Hedges:					
Interest rate swaps	$	(5)	Interest expense	$	(2)
			Income (Loss) from Discontinued Operations (net of taxes)		(1)
Cross-currency swaps		15	Income (Loss) from Discontinued Operations (net of taxes)		6
Total	$	10		$	3

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Three Months	
Foreign currency contracts	Income (Loss) from Discontinued operations (net of taxes)	$	62
Interest rate swaps	Interest expense		(1)
	Total	$	61

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized as Regulatory Liabilities/Assets	Three Months	
Interest rate swaps	Regulatory assets - noncurrent	$	(8)

The following table presents the effect of cash flow hedge activity on the Statement of Income for the period ended March 31, 2021.

	Location and Amount of Gain (Loss) Recognized in Income on Hedging Relationships Three Months 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	$	153	$	(2,043)
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		(1)		(1)
Cross-currency swaps:				
Hedged items		—		37
Amount of gain (loss) reclassified from AOCI to Income		—		(37)

The following table presents the effect of cash flow hedge activity on the Statement of Income for the period ended March 31, 2020.

	Location and Amount of Gain (Loss) Recognized in Income on Hedging Relationships Three Months Interest Expense		Income (Loss) from Discontinued Operations (net of taxes)	
Total income and expense line items presented in the income statement in which the effect of cash flow hedges are recorded	$	154	$	350
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		(2)		(1)
Cross-currency swaps:				
Hedged items		—		(6)
Amount of gain (loss) reclassified from AOCI to Income		—		6

(LKE and LG&E)

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

	March 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	—	16	—	21
Total noncurrent	—	16	—	21
Total derivatives	$ —	$ 17	$ —	$ 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 for the period ended March 31, 2021.

Derivative Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Three Months
Interest rate swaps	Interest expense	$ (1)

Derivative Instruments	Location of Gain (Loss) Recognized in Regulatory Assets	Three Months
Interest rate swaps	Regulatory assets - noncurrent	$ 6

The following tables present the pre-tax effect of derivatives not designated as cash flow hedges that are recognized in income or regulatory assets for the period ended March 31, 2020.

Derivative Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Three Months
Interest rate swaps	Interest expense	$ (1)

Derivative Instruments	Location of Gain (Loss) Recognized in Regulatory Assets	Three Months
Interest rate swaps	Regulatory assets - noncurrent	$ (8)

(PPL, LKE, LG&E and KU)

Offsetting Derivative Instruments

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

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

	Assets				Liabilities			
		Eligible for Offset				Eligible for Offset		
	Gross	Derivative Instruments	Cash Collateral Received	Net	Gross	Derivative Instruments	Cash Collateral Pledged	Net
March 31, 2021								
Treasury Derivatives								
PPL	$ 62	$ 18	$ —	$ 44	$ 197	$ 18	$ 22	$ 157
LKE	—	—	—	—	17	—	—	17
LG&E	—	—	—	—	17	—	—	17

	Assets				Liabilities			
		Eligible for Offset				Eligible for Offset		
	Gross	Derivative Instruments	Cash Collateral Received	Net	Gross	Derivative Instruments	Cash Collateral Pledged	Net
December 31, 2020								
Treasury Derivatives								
PPL	$ 146	$ 34	$ —	$ 112	$ 160	$ 34	$ —	$ 126
LKE	—	—	—	—	23	—	—	23
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, LKE, LG&E and KU or certain of their subsidiaries. Most of these features would require the transfer of additional collateral or permit the counterparty to terminate the contract if the applicable credit rating were to fall below investment grade. Some of these features also would allow the counterparty to require additional collateral upon each downgrade in credit rating at levels that remain above investment grade. In either case, if the applicable credit rating were to fall below investment grade, and assuming no assignment to an investment grade affiliate were allowed, most of these credit contingent features require either immediate payment of the net liability as a termination payment or immediate and ongoing full collateralization on derivative instruments in net liability positions.

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

(PPL)

At March 31, 2021, derivative contracts in a net liability position that contain credit risk-related contingent features, collateral posted on those positions and the related effect of a decrease in credit ratings below investment grade are summarized as follows:

	PPL
Aggregate fair value of derivative instruments in a net liability position with credit risk-related contingent features	$ 161
Aggregate fair value of collateral posted on these derivative instruments	22
Aggregate fair value of additional collateral requirements in the event of a credit downgrade below investment grade (a)	139

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

16. Asset Retirement Obligations

(PPL, LKE, LG&E and KU)

PPL's, LKE's, LG&E's and KU's ARO liabilities are primarily related to CCR closure costs. See Note 11 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 LKE, LG&E and KU, all ARO accretion and depreciation expenses are reclassified as a regulatory asset. ARO regulatory assets associated with certain CCR projects are amortized to expense in accordance with regulatory approvals. For other AROs, at the time of retirement, the related ARO regulatory asset is offset against the associated cost of removal regulatory liability, PP&E and ARO liability.

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

	PPL	LKE	LG&E	KU
Balance at December 31, 2020	$ 182	$ 182	$ 67	$ 115
Accretion	4	4	1	3
Obligations settled	(15)	(15)	(6)	(9)
Balance at March 31, 2021	$ 171	$ 171	$ 62	$ 109

17. Accumulated Other Comprehensive Income (Loss)

(PPL)

The after-tax changes in AOCI by component for the periods ended March 31 were as follows.

			Defined benefit plans (b)		
PPL	Foreign currency translation adjustments (a)	Unrealized gains (losses) on qualifying derivatives	Prior service costs	Actuarial gain (loss)	Total
December 31, 2020	$ (1,158)	$ —	$ (16)	$ (3,046)	$ (4,220)
Amounts arising during the period	303	(30)	—	—	273
Reclassifications from AOCI	—	25	—	40	65
Net OCI during the period	303	(5)	—	40	338
March 31, 2021	$ (855)	$ (5)	$ (16)	$ (3,006)	$ (3,882)
December 31, 2019	$ (1,425)	$ (5)	$ (18)	$ (2,910)	$ (4,358)
Amounts arising during the period	(61)	8	—	—	(53)
Reclassifications from AOCI	—	(3)	1	47	45
Net OCI during the period	(61)	5	1	47	(8)
March 31, 2020	$ (1,486)	$ —	$ (17)	$ (2,863)	$ (4,366)

(a) Amounts relate to operations of the U.K. utility business.
(b) Substantially all of the amounts relate to pension plans of the U.K. utility business. At March 31, 2021, the combined accumulated other comprehensive loss related to these plans was $2.8 billion.

The following table presents PPL's gains (losses) and related income taxes for reclassifications from AOCI for the periods ended March 31.

Details about AOCI	Three Months 2021	Three Months 2020	Affected Line Item on the Statements of Income
Qualifying derivatives			
Interest rate swaps	$ (1)	$ (2)	Interest Expense
	(1)	(1)	Income (Loss) from Discontinued Operations (net of income taxes)
Cross-currency swaps	(37)	6	Income (Loss) from Discontinued Operations (net of income taxes)
Total Pre-tax	(39)	3	
Income Taxes	14	—	
Total After-tax	(25)	3	
Defined benefit plans			
Prior service costs (a)	—	(1)	
Net actuarial loss (a)	(62)	(59)	
Total Pre-tax	(62)	(60)	
Income Taxes	22	12	
Total After-tax	(40)	(48)	
Total reclassifications during the period	$ (65)	$ (45)	

(a) These AOCI components are included in the computation of net periodic defined benefit cost. See Note 10 for additional information.

Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations

(All Registrants)

This "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" is separately filed by PPL, PPL Electric, LKE, 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' Condensed Consolidated Financial Statements and the accompanying Notes and with the Registrants' 2020 Form 10-K. 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 the three months ended March 31, 2021 with the same period in 2020. The 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 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 update to PPL's critical accounting policy related to "Income Taxes."

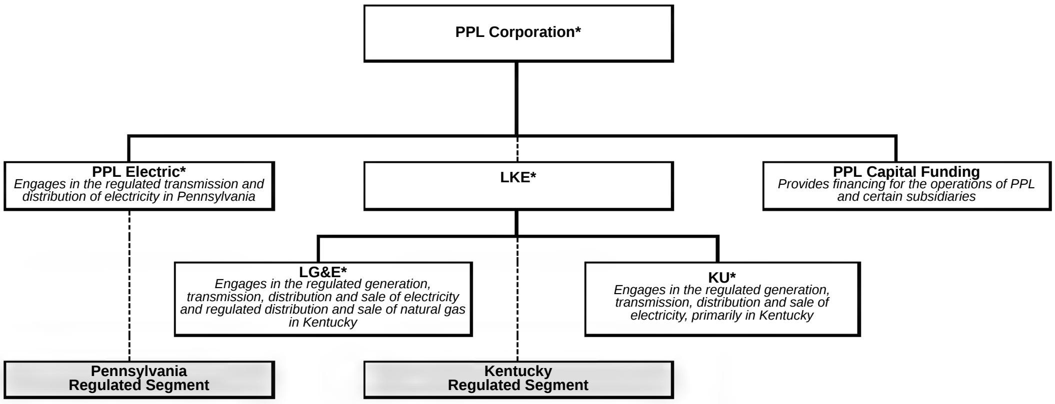
Overview

Introduction

(PPL)

PPL, headquartered in Allentown, Pennsylvania, is a utility holding company. PPL, through its regulated utility subsidiaries, delivers electricity to customers in the U.K., Pennsylvania, Kentucky and Virginia; delivers natural gas to customers in Kentucky; and generates electricity from power plants in Kentucky. On March 17, 2021, PPL WPD Limited entered into a share purchase agreement to sell PPL's U.K. utility business, which substantially represents PPL's U.K. Regulated segment. As a result of this strategic shift in the operations of the business, PPL will no longer provide segment information for the U.K. Regulated segment. See "Financial and Operational Developments - "Share Purchase Agreement to Sell U.K. Utility Business" below for additional information.

PPL's principal subsidiaries are shown below (* denotes a Registrant).



PPL's reportable segments' results primarily represent the results of LKE and PPL Electric, except that in 2020 the reportable segments were also allocated certain corporate level financing and other costs that were not included in the results of LKE and PPL Electric. In 2021, corporate level financing costs are no longer being allocated to the reportable segments.

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

(PPL Electric)

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.

(LKE)

LKE, headquartered in Louisville, Kentucky, is a wholly owned subsidiary of PPL and a holding company that owns regulated utility operations through its subsidiaries, LG&E and KU, which constitute substantially all of LKE's assets. LG&E and KU are engaged in the generation, transmission, distribution and sale of electricity. LG&E also engages in the transmission, distribution and sale of natural gas in Kentucky. LG&E and KU maintain separate corporate identities and serve customers in Kentucky under their respective names. KU also serves customers in Virginia under the Old Dominion Power name.

(LG&E)

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.

(KU)

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.

Business Strategy

(All Registrants)

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 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. PPL WPD Limited entered into a share purchase agreement to sell PPL's U.K. utility business to a subsidiary of National Grid plc. PPL and its subsidiary, PPL Energy Holdings also entered into a separate share purchase agreement to acquire The Narragansett Electric Company from a different subsidiary of National Grid plc, to be financed with a portion of the proceeds from the sale of the U.K. utility business. 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. The announced 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 discussions in "Financial and Operating Developments" below, for additional information on these transactions.

Financial and Operational Developments

(PPL)

Share Purchase Agreement to Sell 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. will acquire 100% of the issued share capital of PPL WPD Investments Limited (WPD Investments) for £7.8 billion in cash. WPD Limited will 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 are not paid for that period.

The completion of the transaction, which is currently expected to occur by the end of July 2021, is subject to approval by National Grid plc's shareholders and receipt of regulatory approvals from the Financial Conduct Authority (the FCA), the Guernsey Financial Services Commission and, if applicable at the time of closing, from the U.K. Secretary of State in connection with the National Security and Investment Bill 2020. On April 22, 2021, National Grid plc’s shareholders approved the transaction pursuant to the listing rules of the FCA. On May 4, 2021, the Guernsey Financial Services Commission approved the transaction. The approval of the FCA is the sole remaining approval before the transaction can be consummated. The consummation of the transaction is not subject to a financing condition.

In connection with entering into the WPD SPA, the U.K. utility business has met the accounting criteria to be classified as assets and liabilities held for sale and discontinued operations beginning with the first quarter of 2021. Accordingly, PPL’s investment in the U.K. utility business has been reported at its estimated fair value, less costs to sell, resulting in an estimated pre-tax loss on sale of $1.6 billion as of March 31, 2021.

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

Share Purchase Agreement to Acquire The Narragansett Electric Company

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 The Narragansett Electric Company (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, which is currently expected to occur by March 2022, is subject to the prior closing of the sale of WPD Investments to National Grid U.K. and is also subject to the receipt of certain U.S. regulatory approvals, as well as other customary conditions to closing. 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.

Regulatory Requirements

(All Registrants)

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

(PPL, LKE, LG&E and KU)

The businesses of LKE, 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, 11 and 16 to the Financial Statements for a discussion of these significant environmental matters. These and other environmental requirements led PPL, LKE, LG&E and KU to retire approximately 1,200 MW of coal-fired generating plants in Kentucky since 2010.

Challenge to 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 is unjust and unreasonable, and proposing an alternative ROE of 8.0% based on its interpretation of FERC Opinion No. 569. However, also on May 21, 2020, the FERC issued Opinion No. 569-A in response to numerous requests for rehearing of Opinion No. 569, which revised the method for analyzing base ROE. On June 10, 2020, PPLICA filed a Motion to Supplement the May 21, 2020 complaint in which PPLICA continued to allege that PPL Electric’s base ROE is unjust and unreasonable, but revised its analysis of PPL Electric's base ROE to reflect the guidance provided in Opinion No. 569-A. The amended complaint proposed an updated alternative ROE of 8.5% and also requested that the FERC preserve the original refund effective date as established by the filing of the original complaint on May 21, 2020. Several parties have filed motions to intervene, including one party who filed Comments in Support of the original complaint.

On July 10, 2020, PPL Electric filed its Answer and supporting Testimony to the PPLICA filings arguing that the FERC should deny the original and amended complaints as they are without merit and fail to demonstrate the existing base ROE is unjust and unreasonable. In addition, PPL Electric contended any refund effective date should be set for no earlier than June 10, 2020 and PPLICA's proposed replacement ROE should be rejected.

On October 15, 2020, the FERC issued an order on the PPLICA complaints which established hearing and settlement procedures, set a refund effective date of May 21, 2020 and granted the motions to intervene. On November 16, 2020, PPL Electric filed a request for rehearing of the portion of the October 15, 2020 Order that set the May 21, 2020 refund effective date. On December 17, 2020, the FERC issued a Notice of Denial of Rehearing by Operation of Law and Providing for Further Consideration. On February 16 and April 19, 2021, PPL Electric filed Petitions for Review with the United States Court of

Appeals for the District of Columbia Circuit of the portion of the October 15, 2020 Order that set the May 21, 2020 refund effective date.

PPL Electric continues to believe its ROE is just and reasonable and that it has meritorious defenses against the original and amended complaints. Settlement negotiations are currently proceeding, but there can be no assurance that they will result in a final settlement. Although PPL Electric cannot predict the outcome of this matter, in the first quarter of 2021, PPL Electric recorded a revenue reserve of $19 million after-tax. Of this amount, $13 million relates to the period from May 21, 2020 to December 31, 2020. Additional revenue earned from May 21, 2020 through the ultimate resolution of this matter may be subject to refund. A change of 50 basis points to the base ROE would impact PPL Electric's net income by approximately $12 million on an annual basis.

FERC Transmission Rate Filing (PPL, LKE, 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. Due to the development of robust, accessible energy markets over time, LG&E and KU believe the mitigation commitments are no longer relevant or appropriate. In March 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, subject to FERC review and approval. In July 2019, LG&E and KU proposed their transition mechanism to the FERC and in September 2019, the FERC rejected the proposed transition mechanism. In September 2020, the FERC issued orders in the rehearing process that modified various aspects of the September 2019 orders which had approved future termination of the credits, including adjusting which customer arrangements are covered by the transition mechanism and respective future periods or dates for termination of credits. In November 2020, the FERC denied the parties' rehearing requests. In November 2020 and January 2021, LG&E and KU and other parties appealed the September 2020 and November 2020 orders at the D.C. Circuit Court of Appeals. The appellate proceedings are continuing, and also include certain additional prior pending petitions for review relating to the matter. On January 15, 2021, LG&E and KU made a filing seeking FERC acceptance of a new proposal for a transition mechanism. On March 16, 2021, the FERC accepted the filed transition mechanism agreements effective on March 17, 2021 but subject to refund, and established hearing and settlement procedures. LG&E and KU are also required to make certain compliance filings consistent with the March 16, 2021 order. 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, LKE, 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 would be 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. The agreement proposes increases in annual revenues of $217 million ($77 million and $116 million in electricity revenues at LG&E and KU and $24 million in gas revenues at LG&E) based on an authorized return on equity of 9.55%. The proposal includes an authorized

9.35% return on equity for the ECR and GLT mechanisms. The agreement does not modify the requested one-year billing credit. The agreement proposes that the KPSC should grant LG&E's and KU's request for a CPCN to deploy Advanced Metering Infrastructure and proposes the establishment of a Retired Asset Recovery rider (RAR) to provide 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, the agreement proposes that LG&E and KU will continue to use currently approved depreciation rates for Mill Creek units 1 and 2 and Brown Unit 3. The agreement also proposes 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.

A hearing on the agreement, and the underlying proceedings, was completed on April 28, 2021. Subject to KPSC approval, the rates, decreased by the amount of the billing credit, are expected to become effective July 1, 2021. An Order on the net metering issues is expected by the end of September 2021. PPL, LKE, LG&E and KU cannot predict the outcome of these proceedings.

Results of Operations

(PPL)

The "Statement of Income Analysis" discussion below describes significant changes in principal line items on the Statements of Income, comparing the three months ended March 31, 2021 with the same period in 2020. The "Segment Earnings" and "Adjusted Gross Margins" discussions 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, LKE, LG&E and KU)

A "Statement of Income Analysis" is presented separately for PPL Electric, LKE, LG&E and KU. The "Statement of Income Analysis" discussion below describes significant changes in principal line items on the Statements of Income, comparing the three months ended March 31, 2021 with the same period in 2020.

(All Registrants)

The results for interim periods can be disproportionately influenced by numerous factors and developments and by seasonal variations. As such, the results of operations for interim periods do not necessarily indicate results or trends for the year or future periods.

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

Statement of Income Analysis

Net income for the periods ended March 31 includes the following results:

	Three Months		
	2021	2020	$ Change
Operating Revenues	$ 1,498	$ 1,440	$ 58
Operating Expenses			
Operation			
Fuel	177	163	14
Energy purchases	220	201	19
Other operation and maintenance	367	355	12
Depreciation	267	250	17
Taxes, other than income	52	47	5
Total Operating Expenses	1,083	1,016	67
Other Income (Expense) - net	—	(5)	5
Interest Expense	153	154	(1)
Income from Continuing Operations Before Income Taxes	262	265	(3)
Income Taxes	59	61	(2)
Income from Continuing Operations After Income Taxes	203	204	(1)
Income (Loss) from Discontinued Operations (net of income taxes) (Note 9)	(2,043)	350	(2,393)
Net Income (Loss)	$ (1,840)	$ 554	$ (2,394)

Operating Revenues

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

	Three Months
PPL Electric Distribution price	$ (2)
PPL Electric Distribution volume (a)	17
PPL Electric PLR (b)	6
PPL Electric Transmission Formula Rate (c)	(22)
LKE Volumes (a)	42
LKE Fuel and other energy prices (d)	14
Other	3
Total	$ 58

(a) The increase was primarily due to favorable weather.
(b) The increase was due to favorable volumes of $32 million, partially offset by lower prices of $20 million and higher customer shopping of $6 million.
(c) The decrease was primarily due to a $27 million reserve recorded due to a challenge to the transmission formula rate return on equity and a $17 million decrease as a result of a lower PPL zonal peak load billing factor, partially offset by $19 million from returns on additional transmission capital investments. See Note 7 to the Financial Statements for additional information on the transmission formula rate return on equity challenge.
(d) The increase was primarily due to higher recoveries of fuel and energy purchases due to higher commodity costs and higher off-system sales prices.

Fuel

Fuel increased $14 million for the three months ended March 31, 2021 compared with 2020, primarily due to an increase in volumes driven by weather.

Energy Purchases

Energy purchases increased $19 million for the three months ended March 31, 2021 compared with 2020, primarily due to an $11 million increase in gas volumes driven by weather and a $3 million increase in commodity costs. at LKE

Other Operation and Maintenance

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

	Three Months	
PPL Electric storm costs	$	6
PPL Electric Act 129		(1)
PPL Electric bad debts		(3)
PPL Electric canceled projects		(11)
LKE plant operations and maintenance		8
LKE transmission operations and maintenance		3
LKE distribution operations and maintenance		3
Other		7
Total	$	12

Depreciation

The increase in depreciation was due to:

	Three Months	
Additions to PP&E, net	$	13
Other		4
Total	$	17

Income Taxes

Income taxes decreased $2 million for the three months ended March 31, 2021 compared with 2020, primarily due to a change in pre-tax income. 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 $2.4 billion for the three months ended March 31, 2021 compared with 2020. The decrease was attributable primarily to a loss on sale of approximately $1.6 billion and an increase in income tax expense of $672 million in 2021. The increase in income tax expense includes federal tax expense of $689 million for the recognition of the tax cost associated with the realization of the book-tax outside basis difference in PPL's investment in the U.K. utility business. See "Discontinued Operations" in Note 9 to the Financial Statements for summarized results of operations for the U.K. utility business.

Segment Earnings

PPL's Net Income by reportable segment for the periods ended March 31 was as follows:

	Three Months					
	2021		2020		$ Change	
Kentucky Regulated	$	146	$	127	$	19
Pennsylvania Regulated		113		118		(5)
Corporate and Other (a)(b)		(56)		(41)		(15)
Discontinued Operations (c)		(2,043)		350		(2,393)
Net Income	$	(1,840)	$	554	$	(2,394)

(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 the period ended March 31, 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.
• 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 for the periods ended March 31 were as follows:

	Three Months		
	2021	2020	$ Change
Kentucky Regulated	$ 142	$ 127	$ 15
Pennsylvania Regulated	126	118	8
Corporate and Other (a)	(49)	(39)	(10)
Earnings from Ongoing Operations	$ 219	$ 206	$ 13

(a) The amount for the period ended March 31, 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 LKE's 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, certain costs are allocated to the Kentucky Regulated segment. The Kentucky Regulated segment represents 72% of PPL's Income from Continuing Operations After Income Taxes for the three months ended March 31, 2021 and 54% of PPL's assets excluding "Current assets held for sale" at March 31, 2021.

Net Income and Earnings from Ongoing Operations for the periods ended March 31 include the following results.

	Three Months		
	2021	2020	$ Change
Operating revenues	$ 885	$ 825	$ 60
Fuel	177	163	14
Energy purchases	71	57	14
Other operation and maintenance	220	204	16
Depreciation	156	149	7
Taxes, other than income	21	18	3
Total operating expenses	645	591	54
Other Income (Expense) - net	—	—	—
Interest Expense	64	75	(11)
Income Taxes	30	32	(2)
Net Income	146	127	19
Less: Special Items	4	—	4
Earnings from Ongoing Operations	$ 142	$ 127	$ 15

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 during the periods ended March 31.

		Three Months	
	Income Statement Line Item	2021	2020
Valuation allowance adjustment (a)	Income Taxes	$ 4	$ —
Total Special Items		$ 4	$ —

(a) Adjustment of valuation allowances related to certain tax credits recorded in 2017 as a result of the TCJA.

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 items.

	Three Months
Kentucky Adjusted Gross Margins	$ 23
Other operation and maintenance	(12)
Depreciation	(4)
Taxes, other than income	(1)
Other Income (Expense) - net	—
Interest Expense	11
Income Taxes	(2)
Earnings from Ongoing Operations	15
Special items, after-tax	4
Net Income	$ 19

- See "Adjusted Gross Margins - Changes in Adjusted Gross Margins" for an explanation of Kentucky Adjusted Gross Margins.
- Higher other operation and maintenance expense primarily due to a $7 million increase in plant operations and maintenance and a $4 million increase in distribution operations and maintenance.
- Lower interest expense primarily due to interest costs allocated to the Kentucky Regulated segment in 2020 that were not allocated in 2021.

Pennsylvania Regulated Segment

The Pennsylvania Regulated segment includes the regulated electricity transmission and distribution operations of PPL Electric. In addition, certain costs are allocated to the Pennsylvania Regulated segment. The Pennsylvania Regulated segment represents 56% of PPL's Income from Continuing Operations After Income Taxes for the three months ended March 31, 2021 and 43% of PPL's assets excluding "Current assets held for sale" at March 31, 2021.

Net Income and Earnings from Ongoing Operations for the periods ended March 31 include the following results.

	Three Months		
	2021	2020	$ Change
Operating revenues	$ 605	$ 608	$ (3)
Energy purchases	149	144	5
Other operation and maintenance	128	137	(9)
Depreciation	108	98	10
Taxes, other than income	32	30	2
Total operating expenses	417	409	8
Other Income (Expense) - net	5	4	1
Interest Expense	43	44	(1)
Income Taxes	37	41	(4)
Net Income	113	118	(5)
Less: Special Item	(13)	—	(13)
Earnings from Ongoing Operations	$ 126	$ 118	$ 8

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 during the periods ended March 31.

	Income Statement Line Item	Three Months	
		2021	2020
Challenge to transmission formula rate return on equity reserve, net of tax of $6 (a)	Operating revenues	$ (13)	$ —
Total Special Items		$ (13)	$ —

(a) Represents the portion of the reserve recognized in the March 31, 2021 Statements of Income related to the period from May 21, 2020 through December 31, 2020. See Note 7 to the Financial Statements for additional information.

The changes in the components of the Pennsylvania Regulated segment's results between these periods are 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.

	Three Months
Pennsylvania Adjusted Gross Margins	$ 2
Other operation and maintenance	11
Depreciation	(5)
Taxes, other than income	—
Other Income (Expense) - net	1
Interest Expense	1
Income Taxes	(2)
Earnings from Ongoing Operations	8
Special Item, after tax	(13)
Net Income	$ (5)

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

- Lower other operation and maintenance expense primarily due to lower canceled project write offs.

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 periods ended March 31.

	2021 Three Months				
	KY Regulated	PA Regulated	Corporate and Other	Discontinued Operations (a)	Total
Net Income	$ 146	$ 113	$ (56)	$ (2,043)	$ (1,840)
Less: Special Items (expense) benefit:					
Income (Loss) from Discontinued Operations (a)	—	—	—	(2,047)	(2,047)
Talen litigation costs, net of tax of $1 (b)	—	—	(3)	—	(3)
Valuation allowance adjustment (c)	4	—	(4)	4	4
Challenge to transmission formula rate return on equity reserve, net of tax of $6	—	(13)	—	—	(13)
Total Special Items	4	(13)	(7)	(2,043)	(2,059)
Earnings from Ongoing Operations	$ 142	$ 126	$ (49)	$ —	$ 219

	2020 Three Months				
	KY Regulated	PA Regulated	Corporate and Other (d)	Discontinued Operations (a)	Total
Net Income	$ 127	$ 118	$ (41)	$ 350	$ 554
Less: Special Items (expense) benefit:					
Income (Loss) from Discontinued Operations (a)	—	—	—	350	350
Talen litigation costs, net of tax of $1 (b)	—	—	(2)	—	(2)
Total Special Items	—	—	(2)	350	348
Earnings from Ongoing Operations	$ 127	$ 118	$ (39)	$ —	$ 206

(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 11 to the Financial Statements for additional information.
(c) Adjustment of valuation allowances related to certain tax credits recorded in 2017 as a result of the TCJA.
(d) The amount for the period ended March 31, 2020 has 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 periods ended March 31 as well as the change between periods. The factors that gave rise to the changes are described following the table.

	Three Months		
	2021	2020	$ Change
Kentucky Regulated			
Kentucky Adjusted Gross Margins	$ 570	$ 547	$ 23
Pennsylvania Regulated			
Pennsylvania Adjusted Gross Margins			
Distribution	$ 247	$ 242	$ 5
Transmission	156	159	(3)
Total Pennsylvania Adjusted Gross Margins	$ 403	$ 401	$ 2

Kentucky Adjusted Gross Margins

Kentucky Adjusted Gross Margins increased due to increased sales volumes primarily due to weather.

Pennsylvania Adjusted Gross Margins

Distribution

Distribution Adjusted Gross Margins increased primarily due to $13 million of higher sales volumes largely due to weather, partially offset by $8 million of lower returns on distribution system improvement capital investments.

Transmission

Transmission Adjusted Gross Margins decreased for the three months ended March 31, 2021, compared with 2020, primarily due to a $17 million decrease as a result of a lower PPL zonal peak load billing factor and $8 million due to a reserve recorded as a result of a challenge to the transmission formula rate return on equity. Partially offsetting these unfavorable items was $19 million of returns on additional transmission capital investments focused on replacing aging infrastructure and improving reliability. See Note 7 to the Financial Statements for additional information on the transmission formula rate return on equity challenge.

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 periods ended March 31.

	2021 Three Months			
	Kentucky Adjusted Gross Margins	Pennsylvania Adjusted Gross Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 885	$ 624	$ (11)	$ 1,498
Operating Expenses				
Fuel	177	—	—	177
Energy purchases	71	149	—	220
Other operation and maintenance	25	25	317	367
Depreciation	40	17	210	267
Taxes, other than income	2	30	20	52
Total Operating Expenses	315	221	547	1,083
Total	$ 570	$ 403	$ (558)	$ 415

	2020 Three Months			
	Kentucky Adjusted Gross Margins	Pennsylvania Adjusted Gross Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 825	$ 608	$ 7	$ 1,440
Operating Expenses				
Fuel	163	—	—	163
Energy purchases	57	144	—	201
Other operation and maintenance	21	23	311	355
Depreciation	37	12	201	250
Taxes, other than income	—	28	19	47
Total Operating Expenses	278	207	531	1,016
Total	$ 547	$ 401	$ (524)	$ 424

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

PPL Electric: Statement of Income Analysis

Statement of Income Analysis

Net income for the periods ended March 31 includes the following results.

	Three Months		
	2021	2020	$ Change
Operating Revenues	$ 605	$ 608	$ (3)
Operating Expenses			
Operation			
Energy purchases	149	144	5
Other operation and maintenance	128	137	(9)
Depreciation	108	98	10
Taxes, other than income	32	30	2
Total Operating Expenses	417	409	8
Other Income (Expense) - net	5	3	2
Interest Income from Affiliate	—	1	(1)
Interest Expense	43	44	(1)
Income Taxes	37	41	(4)
Net Income	$ 113	$ 118	$ (5)

Operating Revenues

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

	Three Months
Distribution price	$ (2)
Distribution volume (a)	17
PLR (b)	6
Transmission Formula Rate (c)	(22)
Other	(2)
Total	$ (3)

(a) The increase was primarily due to favorable weather.
(b) The increase was due to favorable volumes of $32 million, partially offset by lower prices of $20 million and higher customer shopping of $6 million.
(c) The decrease was primarily due to a $27 million reserve recorded due to a challenge to the transmission formula rate return on equity and a $17 million decrease as a result of a lower PPL zonal peak load billing factor, partially offset by $19 million from returns on additional transmission capital investments. See Note 7 to the Financial Statements for additional information on the transmission formula rate return on equity challenge.

Other Operation and Maintenance

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

	Three Months
Canceled projects	$ (11)
Bad debts	(3)
Act 129	(1)
Storm costs	6
Total	$ (9)

Depreciation

Deprecation increased $10 million for the three months ended March 31, 2021 compared with 2020, primarily due to additional assets placed in service, net of retirements.

LKE: Statement of Income Analysis

Statement of Income Analysis

Net income for the periods ended March 31 includes the following results.

	Three Months		
	2021	2020	$ Change
Operating Revenues	$ 885	$ 825	$ 60
Operating Expenses			
Operation			
Fuel	177	163	14
Energy purchases	71	57	14
Other operation and maintenance	220	204	16
Depreciation	156	149	7
Taxes, other than income	21	18	3
Total Operating Expenses	645	591	54
Other Income (Expense) - net	—	—	—
Interest Expense	51	58	(7)
Interest Expense with Affiliate	13	7	6
Income Taxes	30	34	(4)
Net Income	$ 146	$ 135	$ 11

Operating Revenues

The increase in operating revenues was due to:

	Three Months
Volumes (a)	$ 42
Fuel and other energy prices (b)	14
Other	4
Total	$ 60

(a) The increase was primarily due to favorable weather.
(b) The increase was primarily due to higher recoveries of fuel and energy purchases due to higher commodity costs and higher off-system sales prices.

Fuel

Fuel increased $14 million for the three months ended March 31, 2021 compared with 2020, primarily due to an increase in volumes driven by weather.

Energy Purchases

Energy purchases increased $14 million for the three months ended March 31, 2021 compared with 2020, due to an $11 million increase in gas volumes driven by weather and a $3 million increase in commodity costs.

Other Operation and Maintenance

The increase in other operation and maintenance was due to:

	Three Months
Plant operations and maintenance	$ 8
Transmission operations and maintenance	3
Distribution operations and maintenance	3
Other	2
Total	$ 16

Depreciation

Depreciation increased $7 million for the three months ended March 31, 2021 compared with 2020, primarily due to additional assets placed into service, net of retirements.

LG&E: Statement of Income Analysis

Statement of Income Analysis

Net income for the periods ended March 31 includes the following results.

	Three Months		
	2021	2020	$ Change
Operating Revenues			
Retail and wholesale	$ 421	$ 393	$ 28
Electric revenue from affiliate	7	14	(7)
Total Operating Revenues	428	407	21
Operating Expenses			
Operation			
Fuel	67	74	(7)
Energy purchases	66	52	14
Energy purchases from affiliate	5	—	5
Other operation and maintenance	96	92	4
Depreciation	66	64	2
Taxes, other than income	11	10	1
Total Operating Expenses	311	292	19
Other Income (Expense) - net	(2)	(1)	(1)
Interest Expense	21	22	(1)
Income Taxes	19	19	—
Net Income	$ 75	$ 73	$ 2

Operating Revenues

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

	Three Months
Volumes (a)	$ 13
Fuel and other energy prices (b)	10
Other	(2)
Total	$ 21

(a) The increase was primarily due to weather.
(b) The increase was primarily due to higher recoveries of fuel and energy purchases due to higher commodity costs and higher off-system sales prices.

Fuel

Fuel decreased $7 million for the three months ended March 31, 2021 compared with 2020, primarily due to the timing of generation maintenance outages.

Energy Purchases

Energy purchases increased $14 million for the three months ended March 31, 2021 compared with 2020, due to an $11 million increase in gas volumes driven by weather and a $3 million increase in commodity costs.

Energy Purchases from affiliate

Energy purchases from affiliate increased $5 million for the three months ended March 31, 2021 compared with 2020, primarily due to the timing of generation maintenance outages.

Other Operation and Maintenance

The increase in other operation and maintenance was due to:

	Three Months
Plant operations and maintenance	$ 3
Other	1
Total	$ 4

KU: Statement of Income Analysis

Statement of Income Analysis

Net income for the periods ended March 31 includes the following results.

	Three Months		
	2021	2020	$ Change
Operating Revenues			
Retail and wholesale	$ 464	$ 432	$ 32
Electric revenue from affiliate	5	—	5
Total Operating Revenues	469	432	37
Operating Expenses			
Operation			
Fuel	110	89	21
Energy purchases	5	5	—
Energy purchases from affiliate	7	14	(7)
Other operation and maintenance	115	104	11
Depreciation	89	84	5
Taxes, other than income	10	9	1
Total Operating Expenses	336	305	31
Other Income (Expense) - net	1	1	—
Interest Expense	27	28	(1)
Income Taxes	21	20	1
Net Income	$ 86	$ 80	$ 6

Operating Revenues

The increase in operating revenues was due to:

	Three Months
Volumes (a)	$ 26
Fuel and other energy prices (b)	5
Other	6
Total	$ 37

(a) The increase was primarily due to weather.
(b) The increase was primarily due to higher recoveries of fuel and energy purchases due to higher commodity costs and higher off-system sales prices.

Fuel

Fuel increased $21 million for the three months ended March 31, 2021 compared with 2020, primarily due to an increase in volumes driven by weather.

Energy Purchases from affiliate

Energy purchases from affiliate decreased $7 million for the three months ended March 31, 2021 compared with 2020, primarily due to the timing of generation maintenance outages.

Other Operation and Maintenance

The increase in other operation and maintenance was due to:

	Three Months	
Plant operations and maintenance	$	5
Transmission operations and maintenance		3
Distribution operations and maintenance		3
Total	$	11

Depreciation

Depreciation increased $5 million for the three months ended March 31, 2021 compared with 2020, primarily due to additional assets placed into service, net of retirements.

Financial Condition

The remainder of this Item 2 in this Form 10-Q is presented on a combined basis, providing information, as applicable, for all Registrants.

Liquidity and Capital Resources

(All Registrants)

The Registrants had the following at:

	PPL		PPL Electric		LKE		LG&E		KU	
March 31, 2021										
Cash and cash equivalents	$	421	$	29	$	16	$	7	$	8
Short-term debt		1,547		205		400		252		148
Long-term debt due within one year		976		400		476		94		132
Notes payable with affiliates				—		227		—		—
December 31, 2020										
Cash and cash equivalents	$	442	$	40	$	29	$	7	$	22
Short-term debt		1,168		—		465		262		203
Long-term debt due within one year		1,074		400		674		292		132
Notes payable with affiliates				—		251		—		—

(PPL)

The Statements of Cash Flows separately report the cash flows of discontinued operations. The "Operating Activities", "Investing Activities" and "Financing Activities" sections below include only the cash flows of continuing operations.

(All Registrants)

Net cash provided by (used in) operating, investing and financing activities for the three month periods ended March 31, and the changes between periods, were as follows.

	PPL	PPL Electric	LKE	LG&E	KU
2021					
Operating activities	$ 396	$ 121	$ 376	$ 181	$ 224
Investing activities	(472)	(222)	(238)	(111)	(127)
Financing activities	55	90	(151)	(70)	(111)
2020					
Operating activities	$ 413	$ 132	$ 320	$ 171	$ 193
Investing activities	(619)	(281)	(255)	(117)	(159)
Financing activities	283	(80)	(45)	(62)	(6)
Change - Cash Provided (Used)					
Operating activities	$ (17)	$ (11)	$ 56	$ 10	$ 31
Investing activities	147	59	17	6	32
Financing activities	(228)	170	(106)	(8)	(105)

Operating Activities

The components of the change in cash provided by (used in) operating activities for the three months ended March 31, 2021 compared with 2020 were as follows.

	PPL	PPL Electric	LKE	LG&E	KU
Change - Cash Provided (Used)					
Net income	$ (1)	$ (5)	$ 11	$ 2	$ 6
Non-cash components	(13)	(23)	(4)	—	(2)
Working capital	48	58	28	3	25
Defined benefit plan funding	21	—	21	3	1
Other operating activities	(72)	(41)	—	2	1
Total	$ (17)	$ (11)	$ 56	$ 10	$ 31

(PPL)

PPL's cash provided by operating activities in 2021 decreased $17 million compared with 2020.

- Net income decreased $1 million between the periods and included a decrease in non-cash charges of $13 million. The decrease in non-cash charges was primarily due a decrease in deferred income taxes (due to book versus tax plant timing differences and Federal net operating losses) and a decrease in defined benefit plan expense partially offset by an increase in depreciation expense (primarily due to higher depreciation rates and additional assets placed into service, net of retirements).

- The $48 million increase in cash from changes in working capital was primarily due to a decrease in fuel inventory (primarily due to higher generation and natural gas consumption due to weather), a decrease in unbilled revenue (primarily due to weather), partially offset by an increase in accounts receivable (primarily due to weather, the impact of COVID-19 and timing of receipts) and an increase in regulatory assets and liabilities, net.

- The $72 million decrease in cash provided by other operating activities was driven primarily by a decrease in other assets (primarily related to pension plan assets).

(PPL Electric)

PPL Electric's cash provided by operating activities in 2021 decreased $11 million compared with 2020.

- Net income decreased $5 million between the periods and included a decrease in non-cash components of $23 million. The decrease in non-cash components was primarily due to a decrease in deferred income taxes and investment tax credits (primarily due to book versus tax plant timing differences) and a decrease in other expenses (primarily due to a decrease in canceled projects), partially offset by an increase in depreciation expense (primarily due to additional assets placed into service, net of retirements).

- The $58 million increase in cash from changes in working capital was primarily due to an increase in regulatory liabilities (primarily due to the challenge to transmission formula rate return on equity reserve and the timing of rate recovery mechanisms).

- The $41 million decrease in cash provided by other operating activities was driven primarily by an increase in non-current assets (primarily related to noncurrent receivables and prepayments).

(LKE)

LKE's cash provided by operating activities in 2021 increased $56 million compared with 2020.

- Net income increased $11 million between the periods and included a decrease in non-cash components of $4 million. The decrease in non-cash components was primarily driven by a decrease in deferred income tax expense (primarily due to book versus tax plant timing differences and the adjustment of valuation allowances related to certain tax credits), partially offset by an increase in depreciation expense (primarily due to additional assets placed into service, net of retirements).

- The increase in cash from changes in working capital was primarily driven by a decrease in fuel inventory (primarily due to higher generation and natural gas consumption due to weather), an increase in accounts payable (primarily due to timing of payments), a decrease in unbilled revenue (primarily due to weather), and an increase in taxes payable (primarily due to the utilization of a tax credit in the prior year), partially offset by an increase in accounts receivable (primarily due to weather and the impact of COVID-19) and a decrease in other current liabilities (primarily due to timing of payments).

- Defined benefit plan funding was $21 million lower in 2021.

(LG&E)

LG&E's cash provided by operating activities in 2021 increased $10 million compared with 2020.

- Net income increased $2 million between the periods. Non-cash components were consistent between periods.

- The increase in cash from changes in working capital was primarily due to an increase in accounts payable (primarily due to timing of payments) and a decrease in unbilled revenues (primarily due to weather), partially offset by an increase in accounts receivable (primarily due to weather and the impact of COVID-19), an increase in net regulatory assets (primarily due to the timing of rate recovery mechanisms) and a decrease in other current liabilities (primarily due to timing of payments).

(KU)

KU's cash provided by operating activities in 2021 increased $31 million compared with 2020.

- Net income increased $6 million between the periods and included a decrease in non-cash components of $2 million. The decrease in non-cash components was driven by a decrease in deferred income tax expense (primarily due to book versus tax plant timing differences), partially offset by an increase in depreciation expense (primarily due to additional assets placed into service, net of retirements).

- The increase in cash from changes in working capital was primarily due to a decrease in fuel inventory (primarily due to higher generation due to weather), a decrease in net regulatory assets (primarily due to the timing of rate recovery mechanisms), an increase in taxes payable (primarily due to an increase in taxable income), a decrease in unbilled revenue (primarily due to weather), partially offset by an increase in accounts receivable (primarily due to weather and the impact of COVID-19) and a decrease in other current liabilities (primarily due to timing of payments).

Investing Activities

(All Registrants)

The components of the change in cash provided by (used in) investing activities for the three months ended March 31, 2021 compared with 2020 were as follows.

	PPL	PPL Electric	LKE	LG&E	KU
Change - Cash Provided (Used)					
Expenditures for PP&E	$ 145	$ 57	$ 17	$ 6	$ 11
Notes receivable from affiliate	—	—	—	—	21
Other investing activities	2	2	—	—	—
Total	$ 147	$ 59	$ 17	$ 6	$ 32

For PPL, the decrease in expenditures for PP&E was due to lower project expenditures at Safari Energy, PPL Electric, LKE, LG&E and KU. The decrease in expenditures at Safari Energy was primarily due to timing differences on capital spending projects. The decrease in expenditures at PPL Electric was primarily due to timing differences on capital spending projects related to the ongoing efforts to improve reliability and replace aging infrastructure. The decrease in expenditures at LKE was primarily due to decreased spending for environmental water projects at LG&E and KU's Trimble County plant, LG&E's Mill Creek plant and KU's Ghent plant, and decreased spending on various other projects at LG&E and KU that are not individually significant, partially offset by spending on ELG projects at LG&E and KU.

Financing Activities

(All Registrants)

The components of the change in cash provided by (used in) financing activities for the three months ended March 31, 2021 compared with 2020 were as follows.

	PPL	PPL Electric	LKE	LG&E	KU
Change - Cash Provided (Used)					
Proceeds from project financing	$ 5	$ —	$ —	$ —	$ —
Stock issuances/redemptions, net	(19)	—	—	—	—
Dividends	(3)	50	—	(31)	(19)
Capital contributions/distributions, net	—	—	(10)	(25)	(37)
Issuance of term loan	(200)	—	—	—	—
Retirement of term loan	(300)	—	—	—	—
Change in short-term debt, net	364	120	93	110	(17)
Retirement of commercial paper	(73)	—	(73)	(41)	(32)
Notes payable with affiliate	—	—	(116)	(21)	—
Other financing activities	(2)	—	—	—	—
Total	$ (228)	$ 170	$ (106)	$ (8)	$ (105)

See Note 8 to the Financial Statements in this Form 10-Q for information on 2021 short-term and long-term debt activity, equity transactions and PPL dividends. See Note 8 to the Financial Statements in the Registrants' 2020 Form 10-K for information on 2020 activity.

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 March 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	$ 1,600	$ 100	$ 942	$ 558
PPL Electric Credit Facility	650	—	206	444
LG&E Credit Facilities	500	—	252	248
KU Credit Facilities	400	—	148	252
Total LKE	900	—	400	500
Total U.S. Credit Facilities (a)	$ 3,150	$ 100	$ 1,548	$ 1,502

(a) The commitments under the U.S. 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 - 6%, PPL Electric - 6%, LKE - 7%, LG&E - 7% and KU - 7%.

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

Intercompany (LKE, LG&E and KU)

	Committed Capacity	Borrowed	Commercial Paper Program Capacity	Unused Capacity
LKE Credit Facility	$ 375	$ 227	$ —	$ 148
LG&E Money Pool (a)	750	—	425	325
KU Money Pool (a)	650	—	350	300

(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 12 to the Financial Statements for further discussion of intercompany credit facilities.

Commercial Paper *(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, as necessary. Commercial paper issuances, included in "Short-term debt" on the Balance Sheets, are supported by the respective Registrant's credit facility. The following commercial paper programs were in place at March 31, 2021:

	Capacity	Commercial Paper Issuances	Unused Capacity
PPL Capital Funding	$ 1,500	$ 942	$ 558
PPL Electric	650	205	445
LG&E (a)	425	252	173
KU	350	148	202
Total LKE	775	400	375
Total PPL	$ 2,925	$ 1,547	$ 1,378

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

Long-term Debt *(All Registrants)*

See Note 8 to the Financial Statements for information regarding the Registrants’ long-term debt activities.

(PPL)

Equity Securities Activities

ATM

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 three months ended March 31, 2021. The ATM program expired in February 2021.

Common Stock Dividends

In February 2021, PPL declared a quarterly common stock dividend, payable April 1, 2021, of 41.5 cents per share (equivalent to $1.66 per annum). Future dividends, declared at the discretion of the Board of Directors, will depend upon future earnings, cash flows, financial and legal requirements and other factors.

Rating Agency Actions

(All Registrants)

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 rating agencies have taken the following actions related to the Registrants and their subsidiaries during 2021:

(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.

(PPL, LKE 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.

Ratings Triggers

(PPL, LKE, 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, interest rate and foreign currency instruments (for PPL), contain provisions that require the posting of additional collateral or permit the counterparty to terminate the contract, if PPL's, LKE's, LG&E's or KU's or their subsidiaries' credit rating, as applicable, were to fall below investment grade. See Note 15 to the Financial Statements for a discussion of "Credit Risk-Related Contingent Features," including a discussion of the potential additional collateral requirements for PPL, LKE and LG&E for derivative contracts in a net liability position at March 31, 2021.

(All Registrants)

For additional information on the Registrants' liquidity and capital resources, see "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Registrants' 2020 Form 10-K.

Risk Management

Market Risk

(All Registrants)

See Notes 14 and 15 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

The Registrants and their subsidiaries issue debt to finance their operations, which exposes them to interest rate risk. The Registrants and their subsidiaries utilize various financial derivative instruments to adjust the mix of fixed and floating interest rates in their debt portfolios, adjust the duration of their debt portfolios and lock in benchmark interest rates in anticipation of future financing, when appropriate. Risk limits under the risk management program are designed to balance risk exposure to volatility in interest expense and changes in the fair value of the debt portfolios due to changes in the absolute level of 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 March 31, 2021.

	Exposure Hedged	Fair Value, Net - Asset (Liability) (a)	Effect of a 10% Adverse Movement in Rates (b)	Maturities Ranging Through
PPL				
Cash flow hedges				
Cross-currency swaps (c)	$ 202	$ 39	$ (27)	2028
Economic hedges				
Interest rate swaps (d)	64	(18)	(1)	2033
LKE				
Economic hedges				
Interest rate swaps (d)	64	(18)	(1)	2033
LG&E				
Economic hedges				
Interest rate swaps (d)	64	(18)	(1)	2033

(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, except for cross-currency swaps which also includes a 10% adverse movement in foreign currency exchange rates.
(c) All cross-currency swaps are related to the U.K. utility business. Changes in the fair value of these instruments are recorded in equity and reclassified into earnings in the same period during which the item being hedged affects earnings.
(d) 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 March 31, 2021 was insignificant for PPL, PPL Electric, LKE, LG&E and KU. The estimated impact of a 10% adverse movement in interest rates on the fair value of debt at March 31, 2021 is shown below.

	10% Adverse Movement in Rates
PPL	$ 546
PPL Electric	188
LKE	221
LG&E	80
KU	127

Foreign Currency Risk (PPL)

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

The following foreign currency hedges were outstanding at March 31, 2021.

	Exposure Hedged	Fair Value, Net - Asset (Liability)	Effect of a 10% Adverse Movement in Foreign Currency Exchange Rates (a)	Maturities Ranging Through
Economic hedges (b)	£ 7,493	$ (157)	$ (903)	2021

(a) Effects of adverse movements decrease assets or increase liabilities, as applicable, which could result in an asset becoming a liability.
(b) To economically hedge the translation risk of sales proceeds denominated in GBP from the anticipated sale of the U.K. utility business.

(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 is exposed to volumetric risk which is significantly mitigated as a result of the method of regulation in the U.K. Under the RIIO-ED1 price control regulations, recovery of such exposure occurs on a two year lag. See Note 1 in PPL's 2020 Form 10-K for additional information on revenue recognition under RIIO-ED1.
- 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.

Credit Risk *(All Registrants)*

See Notes 14 and 15 to the Financial Statements in this Form 10-Q and "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial Condition - Risk Management - Credit Risk" in the Registrants' 2020 Form 10-K for additional information.

Foreign Currency Translation *(PPL)*

The value of the British pound sterling fluctuates in relation to the U.S. dollar. Changes in this exchange rate resulted in a pre-tax foreign currency translation gain of $383 million for the three months ended March 31, 2021, which primarily reflected a $662 million increase to PP&E, a $118 million increase to goodwill and a $40 million increase to other net assets, partially offset by a $363 million increase to long-term debt, a $49 million increase to deferred income taxes and a $25 million increase to long term debt due within one year. Changes in this exchange rate resulted in a pre-tax foreign currency translation loss of $63 million for the three months ended March 31, 2020, which primarily reflected a $108 million decrease to PP&E and a $20 million decrease to goodwill, partially offset by a $63 million decrease to long-term debt and a $2 million decrease to other net liabilities.

The impact of foreign currency translation is recorded in AOCI. The assets and liabilities of the U.K. utility business have been classified as held for sale. See Note 9 to the Financial Statements for additional information.

Related Party Transactions *(All Registrants)*

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 12 to the Financial Statements for additional information on related party transactions for PPL Electric, LKE, LG&E and KU.

Acquisitions, Development and Divestitures *(All Registrants)*

The Registrants from time to time evaluate opportunities for potential acquisitions, divestitures and development projects. Development projects are reexamined based on market conditions and other factors to determine whether to proceed with, modify or terminate the projects. Any resulting transactions may impact future financial results. See Note 9 to the Financial Statements for information on significant activities.

Environmental Matters *(All Registrants)*

Extensive federal, state and local environmental laws and regulations are applicable to PPL's, PPL Electric's, LKE's, LG&E's and KU's 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 subject to rate recovery. PPL, PPL Electric, LKE, LG&E and KU can provide no assurances as to the ultimate outcome of future environmental or rate proceedings before regulatory authorities.

See "Environmental Matters" in Item 1. "Business" in the Registrants' 2020 Form 10-K for information about environmental laws and regulations affecting the Registrants' business. See "Legal Matters" in Note 11 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" in the Registrants' 2020 Form 10-K for information on projected environmental capital expenditures for 2021 through 2025. See Note 16 to the Financial Statements for information related to the impacts of CCRs on AROs.

The information below represents an update to "Item 1. Business – Environmental Matters – Air – NAAQS" and "Item 1. Business – Environmental Matters – Air – Climate Change" in the Registrants' 2020 Form 10-K.

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

In March 2021, the EPA released final revisions to the Cross-State Air Pollution Rule (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, LKE, LG&E and KU are currently assessing the potential impact of the CSAPR revisions on operations, but such impact is not expected to be material. Pursuant to the President's executive order, the EPA is currently reviewing its previous determinations made in December 2020 to retain the existing NAAQS for ozone and particulate matter without change.

PPL, LKE, 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, the costs of which PPL, LKE, LG&E and KU believe would be subject to rate recovery.

Climate Change (All Registrants)

The new U.S. presidential administration is undertaking 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, could have far-reaching impacts on PPL's business operations, products, and services. All of these developments are preliminary or ongoing in nature and the Registrants cannot predict their final outcome or ultimate impact on operations.

New Accounting Guidance *(All Registrants)*

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

Application of Critical Accounting Policies *(All Registrants)*

Financial condition and results of operations are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. The following table summarizes the accounting policies by Registrant that 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. See "Item 7. Combined Management's Discussion and

Analysis of Financial Condition and Results of Operations" in the Registrants' 2020 Form 10-K for a discussion of each critical accounting policy.

	PPL	PPL Electric	LKE	LG&E	KU
Defined Benefits	X	X	X	X	X
Income Taxes	X	X	X	X	X
Regulatory Assets and Liabilities	X	X	X	X	X
Price Risk Management	X				
Goodwill Impairment	X		X	X	X
AROs	X		X	X	X
Revenue Recognition - Unbilled Revenue			X	X	X

Following is an update to the critical accounting policies disclosed in PPL's 2020 Form 10-K.

Income Taxes *(PPL)*

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, valuation allowances on deferred tax assets, as well as whether the undistributed earnings of WPD are considered indefinitely reinvested.

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. Accounting guidance allows a 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.

In light of the anticipated sale of PPL's U.K. utility business and the associated classification of that business as assets held for sale, indefinite reinvestment is no longer relevant. As such, PPL expects to realize the outside book-tax basis difference in those assets in the foreseeable future. Accordingly, a deferred tax liability has been recorded reflecting the expected tax cost associated with the realization of that basis difference.

See Note 6 to the Financial Statements for income tax disclosures, including the impact of the TCJA.

PPL Corporation
PPL Electric Utilities Corporation
LG&E and KU Energy LLC
Louisville Gas and Electric Company
Kentucky Utilities Company

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Reference is made to "Risk Management" in "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations."

Item 4. Controls and Procedures

Although the COVID-19 pandemic prompted the Registrants to make certain procedural adjustments to accommodate an increased remote workforce, PPL's accounting and reporting systems and functions were well prepared to perform necessary accounting and reporting activities as of March 31, 2021 and to maintain the effectiveness of its disclosure controls and procedures and internal control over financial reporting.

(a) Evaluation of disclosure controls and procedures.

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 March 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 quarterly report has been prepared. The 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 and principal financial officers, to allow for timely decisions regarding required disclosure.

(b) Change in internal controls over financial reporting.

The Registrants' principal executive officers and principal financial officers have concluded that there were no changes in the Registrants' internal controls over financial reporting during the Registrants' first fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrants' internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding legal, tax, regulatory, environmental or other administrative proceedings that became reportable events or were pending in the first quarter of 2021 see:

- "Item 3. Legal Proceedings" in each Registrant's 2020 Form 10-K; and
- Notes 6, 7 and 11 to the Financial Statements.

Item 1A. Risk Factors

There have been no material changes in the Registrants' risk factors from those disclosed in "Item 1A. Risk Factors" of the Registrants' 2020 Form 10-K.

Item 4. Mine Safety Disclosures

Not applicable.

Item 6. Exhibits

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)-23 are incorporated herein by reference. Exhibits indicated by a [_] are filed or listed pursuant to Item 601(b)(10)(iii) of Regulation S-K.

2(a)	- 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(b)-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(b)-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
10(a)	- £350,000,000 Facility Agreement, dated February 26, 2021, among Western Power Distribution plc, J.P. Morgan AG as Agent and the financial institutions party thereto as Original Lenders (Exhibit 10.1 to PPL Corporation Form 8-K Report (File No. 1-11459) dated March 4, 2021)
*10(b)-1	- Amendment Letter, dated as of March 18, 2021, to the £210 million Multicurrency Revolving Credit Facility Agreement, dated January 13, 2016, among Western Power Distribution plc as the Borrower, the Co-ordinators, the Arrangers, the Original Lenders and Mizuho Bank, Ltd. as Facility Agent
*10(b)-2	- Amendment Letter, dated as of April 7, 2021, to the £210 million Multicurrency Revolving Credit Facility Agreement, dated January 13, 2016, among Western Power Distribution plc as the Borrower, the Co-ordinators, the Arrangers, the Original Lenders and Mizuho Bank, Ltd. as Facility Agent
*10(c)	- Amendment Letter, dated as of April 7, 2021, to the £50 million Facility Agreement, dated June 7, 2019, among Western Power Distribution plc as the Borrower and National Westminster Bank plc as the Original Lender and Agent
*10(d)	- Amendment Letter, dated as of April 7, 2021, to the £845 million Multicurrency Revolving Facility Agreement, dated May 13, 2020, among Western Power Distribution (East Midlands) plc, Western Power Distribution (West Midlands) plc, Western Power Distribution (South West) plc, and Western Power Distribution (South Wales) plc as the Borrowers, the Joint Co-ordinators, the Bookrunners, the Arrangers, the Original Lenders and Lloyds Bank plc as Facility Agent

Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, for the quarterly period ended March 31, 2021, filed by the following officers for the following companies:

*31(a)	- PPL Corporation's principal executive officer
*31(b)	- PPL Corporation's principal financial officer
*31(c)	- PPL Electric Utilities Corporation's principal executive officer
*31(d)	- PPL Electric Utilities Corporation's principal financial officer
*31(e)	- LG&E and KU Energy LLC's principal executive officer
*31(f)	- LG&E and KU Energy LLC's principal financial officer
*31(g)	- Louisville Gas and Electric Company's principal executive officer
*31(h)	- Louisville Gas and Electric Company's principal financial officer
*31(i)	- Kentucky Utilities Company's principal executive officer
*31(j)	- Kentucky Utilities Company's principal financial officer

Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, for the quarterly period ended March 31, 2021, furnished by the following officers for the following companies:

*32(a)	- PPL Corporation's principal executive officer and principal financial officer
*32(b)	- PPL Electric Utilities Corporation's principal executive officer and principal financial officer
*32(c)	- LG&E and KU Energy LLC's principal executive officer and principal financial officer
*32(d)	- Louisville Gas and Electric Company's principal executive officer and principal financial officer

*32(e)	- Kentucky Utilities Company's principal executive officer and principal financial officer
101.INS	- XBRL Instance Document - 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
101.CAL	- XBRL Taxonomy Extension Calculation Linkbase
101.DEF	- XBRL Taxonomy Extension Definition Linkbase
101.LAB	- XBRL Taxonomy Extension Label Linkbase
101.PRE	- XBRL Taxonomy Extension Presentation Linkbase
104	- The Cover Page Interactive Data File is formatted as Inline XBRL and contained in Exhibits 101.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized. The signature for each undersigned company shall be deemed to relate only to matters having reference to such company or its subsidiaries.

PPL Corporation
(Registrant)

Date: May 6, 2021

/s/ Marlene C. Beers
Marlene C. Beers
Vice President and Controller
(Principal Accounting Officer)

PPL Electric Utilities Corporation
(Registrant)

Date: May 6, 2021

/s/ Stephen K. Breininger
Stephen K. Breininger
Vice President-Finance and Regulatory Affairs and Controller
(Principal Financial Officer and Principal Accounting Officer)

LG&E and KU Energy LLC
(Registrant)
Louisville Gas and Electric Company
(Registrant)
Kentucky Utilities Company
(Registrant)

Date: May 6, 2021

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (this "Agreement"), dated as of May 3, 2021, is entered into by and among PPL Energy Holdings, LLC, a Delaware limited liability company ("Pluto"), PPL Corporation, a Pennsylvania corporation ("Pluto Topco"), National Grid USA, a Delaware corporation, ("Newquay") and PPL Rhode Island Holdings, LLC, a Delaware limited liability company ("Pluto RI" and together with Pluto, Pluto Topco and Newquay, the "Parties").

RECITALS

WHEREAS, Pluto, Newquay and (solely with respect to Section 4.10 and Section 6.14) Pluto Topco entered into that certain Share Purchase Agreement, dated as of March 17, 2021 (the "Purchase Agreement"), relating to the purchase of common stock in The Narragansett Electric Company, a Rhode Island corporation;

WHEREAS, Pluto desires for all of Pluto's right, title and interest in, to and under Article I and Sections 3.2(a) and (b) of the Purchase Agreement (the "Specified Sections") to be assigned, conveyed, transferred and delivered to Pluto RI, and Pluto RI desires to assume all of Pluto's liabilities, obligations and commitments under the Specified Sections pursuant to this Agreement; and

WHEREAS, in accordance with Section 11.9 of the Purchase Agreement, no Party (as defined in the Purchase Agreement) may assign its rights or obligations under the Purchase Agreement without the prior written consent of the other Party.

NOW, THEREFORE, in consideration of the mutual covenants set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned agree as follows:

SECTION 1. Capitalized Terms. Capitalized terms used and not otherwise defined herein shall for all purposes of this Agreement, including the preceding recitals, have the respective meanings specified therefor in the Purchase Agreement.

SECTION 2. Assignment and Assumption. Effective as of the date hereof, Pluto does hereby assign, convey, transfer and deliver to Pluto RI all of Pluto's respective right, title and interest in, to and under the Specified Sections and Pluto does hereby assign to Pluto RI all of its liabilities, obligations and commitments under the Specified Sections. Pluto RI hereby accepts the foregoing assignment and expressly assumes, confirms and agrees to perform and observe all of the covenants, agreements, terms, conditions, obligations, duties and liabilities of Pluto under the Specified Sections, including any liabilities, obligations or commitments set forth therein. From and after the date hereof, Pluto RI is and shall be bound by, and shall enjoy the benefits of, the Specified Sections as if Pluto RI had been a party thereto in lieu of Pluto from the original execution and delivery thereof, pursuant to the terms and conditions of the Purchase Agreement.

SECTION 3. Continuing Effectiveness; No Other Amendments. Except for the assignment and assumption of the Specified Sections as expressly provided in this Agreement, all of the terms and conditions of the Purchase Agreement remain in full force and effect and are hereby ratified and confirmed, including Section 6.14 of the Purchase Agreement. For the hereby ratified and confirmed, including Section 6.14 of the Purchase Agreement. For the avoidance of doubt, in accordance with Section 6.14 of the Purchase Agreement, (i) Pluto Topco shall cause Pluto RI to comply with all of Pluto RI's agreements, covenants and obligations under the Purchase Agreement, and (ii) all of Pluto RI's agreements, covenants and obligations under the Purchase Agreement shall constitute Guaranteed Obligations guaranteed by Pluto Topco.

SECTION 4. Further Assurances. Each of the Parties shall execute and deliver, at the reasonable request of the other Parties, such additional documents, instruments, conveyances and assurances and take such further actions as such other Parties may reasonably request to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

SECTION 5. Entire Agreement. This Agreement, together with the Purchase Agreement, the Island Sale Purchase Agreement, the Transition Services Agreement and the Confidentiality Agreement and all Annexes and Exhibits hereto and thereto, embody the entire agreement of the Parties with respect to the subject matter hereof and supersede all prior agreements with respect thereto.

SECTION 6. Other Terms. The provisions of Article XI of the Purchase Agreement (other than Section 11.6 of the Purchase Agreement) are incorporated herein by reference and shall apply to the terms and provisions of this Agreement and the Parties mutatis mutandis.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year first above written.

PPL ENERGY HOLDINGS, LLC

By: Andrew W. Elmore (May 2, 2021 14:18 EDT)
Name: Andrew W. Elmore
Title: President

PPL CORPORATION

By: *Joseph P. Berstein, Jr.*
Joseph P. Berstein, Jr. (May 2, 2021 09:53 EDT)
Name: Joseph P. Bergstein, Jr.
Title: Executive Vice President and Chief Financial Officer

NATIONAL GRID USA

By:__________________
Name:
Title:

PPL RHODE ISLAND HOLDINGS, LLC

By: Andrew W. Elmore (May 2, 2021 14:18 EDT)
Name: Andrew W. Elmore
Title: President

[Signature Page – Assignment and Assumption Agreement]

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year first above written.

PPL ENERGY HOLDINGS, LLC

By:______________________________
Name:
Title:

PPL CORPORATION

By:______________________________
Name:
Title:

NATIONAL GRID USA

DocuSigned by:
By: Keri Sweet Zavaglia
1EB281A7D864417...
Name: Keri Sweet Zavaglia
Title: SVP & US General Counsel

PPL RHODE ISLAND HOLDINGS, LLC

By:______________________________
Name:
Title:

To: Mizuho Bank, Ltd. as Facility Agent under the Facility Agreement (as defined below)

18th March 2021

WPD plc Revolving Facility Agreement – **Amendment Letter (the "Letter")**

Dear All

Revolving Facility Agreement dated 13 January 2016 and made between, amongst others, Western Power Distribution plc as the Borrower, the Co-ordinators, the Arrangers, the Original Lenders and Mizuho Bank, Ltd. as Facility Agent (each such term as defined therein) (as **amended, restated and/or supplemented from time to time, the "Facility Agreement")**

1. INTRODUCTION

1.1 We refer to the Facility Agreement. Terms defined in the Facility Agreement (as amended pursuant to this Letter) shall have the same meaning when used in this Letter.

1.2 Clauses 1.2 (Construction) and 1.3 (Third Party Rights) of the Facility Agreement will be deemed to be set out in full in this Letter, but as if references in such clauses to the Facility Agreement were references to this Letter.

1.3 The purpose of this Letter is to make an amendment to Clauses 19.5.1 and 19.5.2 of the Facility Agreement to clarify and confirm that the negative pledge restrictions only apply to any Holding Company of a Distribution Company to the extent that such Holding Company is a member of the Group, as further set out below.

1.4 This Letter is designated as a Finance Document.

2. AMENDMENT

With effect from (and including) the date of countersignature of this Letter, Clauses 19.5.1 and 19.5.2 of the Facility Agreement shall be deemed to be deleted in their entirety and replaced with the following wording:

"19.5.1 Except as provided below, none of the Borrower, any Distribution Company nor any Holding Company of a Distribution Company (to the extent such Holding Company is a member of the Group) may create or allow to exist any Security Interest or Quasi-Security on any of its assets.

19.5.2 Except as provided below, none of the Borrower, any Distribution Company nor any Holding Company of a Distribution Company (to the extent such Holding Company is a member of the Group) may:

(a) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by the Borrower or any other member of the Group;

(b) sell, transfer or otherwise dispose of any of its receivables on recourse terms;

(c) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(d) enter into any other preferential arrangement having a similar effect, in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the *acquisition of an asset."*

3. REPEATED REPRESENTATIONS

3.1 The Borrower confirms to each Finance Party that the Repeating Representations are true in all material respects on the date on which the Facility Agent countersigns this Letter by reference to the facts and circumstances then existing on such date.

3.2 References to "this Agreement" in the Repeating Representations should be construed as references to this Letter.

4. MISCELLANEOUS

4.1 Except as varied by the terms of this Letter, the Facility Agreement will remain in full force and effect and any reference in the amended Facility Agreement or to any provision of the Facility Agreement will be construed as a reference to the amended Facility Agreement, or that provision, as amended by this Letter.

4.2 This Letter may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Letter.

4.3 We hereby request that, by counter-signing this Letter, the Facility Agent confirms, on behalf of the Majority Lenders, that no Default or Event of Default is outstanding in relation to (i) the amendments to the Facility Agreement contemplated by clause 2 (Amendment) of this Letter or (ii) the existence of any Security Interest or Quasi-Security over any of the assets of any Holding Company of any Distribution Company that is not a member of the Group.

4.4 The provisions of Clauses 27.7 (Waivers and remedies cumulative), 33 (Severability), 35 (Notices), 37 (Governing law) and 38 (Enforcement) of the Facility Agreement apply to this Letter as though they were set out in full in this Letter but as if references in such clauses to the Facility Agreement were references to this Letter.

Please sign and return to us a counterpart of this Letter as soon as possible and, in any event, by no later than 5 p.m. (London time) on 23 March 2021 in order to indicate your agreement (on behalf of the Majority Lenders) to its terms.

Yours faithfully

THE BORROWER

For and on behalf of

WESTERN POWER DISTRIBUTION PLC

By : ______________________

Name : Julie Hunt

Title : Treasurer

Acknowledged and accepted on behalf of the Majority Lenders:

THE FACILITY AGENT

For and on behalf of

MIZUHO BANK, LTD.

By			By	:	
Name	:	Maria de Lellis	Name	:	
Title	:	Director	Title	:	

To: Mizuho Bank, Ltd. as Facility Agent under the Facility Agreement (as defined below)

30 March 2021 (as updated on 7 April 2021)

WPD plc Revolving Facility Agreement – **Amendment Letter (the "Letter")**

Dear All

Revolving Facility Agreement dated 13 January 2016 and made between, amongst others, Western Power Distribution plc as the Borrower, the Co-ordinators, the Arrangers, the Original Lenders and Mizuho Bank, Ltd. as Facility Agent (each such term as defined therein) (as amended, restated **and/or supplemented from time to time, the "Facility Agreement")**

1. INTRODUCTION

1.1 We refer to the Facility Agreement. Terms defined in the Facility Agreement (as amended pursuant to this Letter) shall have the same meaning when used in this Letter.

1.2 Clauses 1.2 (Construction) and 1.3 (Third Party Rights) of the Facility Agreement will be deemed to be set out in full in this Letter, but as if references in such clauses to the Facility Agreement were references to this Letter.

1.3 The purpose of this Letter is to make an amendment to Clauses 1.1 and 8.2 of the Facility Agreement, as further set out below.

1.4 This Letter is designated as a Finance Document.

2. AMENDMENT

2.1 With effect from (and including) the date of countersignature of this Letter, the below definition to be included in Clause 1.1 (Definitions):

""Acquisition" means the acquisition of the entire share capital of PPL WPD Investments Limited and its subsidiaries by National Grid Holdings One plc as announced by National Grid plc on 18 March 2021."

2.2 With effect from (and including) the date of countersignature of this Letter, Clause 8.2 of the Facility Agreement shall be deemed to be deleted in its entirety and replaced with the following wording:

"8.2 Mandatory prepayment - change of control

If, except to the extent of a group reorganisation where the Borrower continues to be controlled directly or indirectly by PPL Corporation or, on and following the Acquisition, National Grid plc, the Borrower becomes aware of any person (whether alone or together with any associated person or persons) gaining control of the Borrower (for these purposes "associated person" means, in relation to any person, a person who is (i) "acting in concert" (as defined in the City Code on Takeovers and Mergers) with that person or (ii) a "connected person" (as defined in section 1122 of the CTA 2010) of that person and "control" means the relevant person satisfies any of the criteria set out in paragraphs (1)(a) to (c) of Section 1159 of the Companies Act 2006):

8.2.1 within five days of such date, the Borrower shall give notice of such change of control to the Facility Agent;

8.2.2 the Lenders and the Borrower shall immediately enter into negotiations for a period of not more than 45 days from the date of the change of control with a view to agreeing whether the Facility shall continue to be made available and on what terms;

8.2.3 if no such agreement is reached within the said period of 45 days then:

(a) any Lender may on 10 days' notice to the Facility Agent and to the Borrower require the repayment of its share in each Loan and cancel its Commitment; or

(b) the Majority Lenders may on 10 days' notice to the Borrower require repayment in full of all outstanding Loans and cancel the Total Commitments; and

8.2.4 a Lender shall not be obliged to fund any further loans under the Facility (except for a Rollover Loan) during the negotiation period set out in sub-clause 8.2.2, and if no agreement is reached within such negotiation period, during the 10 day notice period set out in sub-clause 8.2.3. "

3. REPEATED REPRESENTATIONS

3.1 The Borrower confirms to each Finance Party that the Repeating Representations are true in all material respects on the date on which the Facility Agent countersigns this Letter by reference to the facts and circumstances then existing on such date.

3.2 References to "this Agreement" in the Repeating Representations should be construed as references to the Agreement as amended by this Letter.

4. MISCELLANEOUS

4.1 Except as varied by the terms of this Letter, the Facility Agreement will remain in full force and effect and any reference in the amended Facility Agreement or to any provision of the Facility Agreement will be construed as a reference to the amended Facility Agreement, or that provision, as amended by this Letter.

4.2 This Letter may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Letter.

4.3 The provisions of Clauses 27.7 (Waivers and remedies cumulative), 33 (Severability), 35 (Notices) and 38 (Enforcement) of the Facility Agreement apply to this Letter as though they were set out in full in this Letter but as if references in such clauses to the Facility Agreement were references to this Letter.

4.4 This Letter and any non-contractual obligations arising out of or in connection with it are governed by English law.

Please sign and return to us a counterpart of this Letter as soon as possible and, in any event, by no later than 5 p.m. (London time) on 12 April 2021 in order to indicate your agreement (on behalf of all Lenders) to its terms.

Yours faithfully

THE BORROWER

For and on behalf of

WESTERN POWER DISTRIBUTION PLC

By : ______________________

Name : Julie Hunt

Title : Treasurer

Acknowledged and accepted on behalf of all Lenders:

THE FACILITY AGENT

For and on behalf of

MIZUHO BANK, LTD.

By :	______________	By :	______________
Name :	Maria de Lellis	Name :	
Title :	Director	Title :	
Date :	12 April 2021	Date :	

To: National Westminster Bank PLC as Agent under the Facility Agreement (as defined below)

30 March 2021 (as updated on 7 April 2021)

£50m Facility Agreement – **Amendment Letter (the "Letter")**

Dear All

Facility Agreement dated 7 June 2019 and made between Western Power Distribution plc as the Borrower and National Westminster Bank plc as the Original Lender and Agent (each such term **as defined therein) (as amended, restated and/or supplemented from time to time, the "Facility Agreement")**

1. INTRODUCTION

1.1 We refer to the Facility Agreement. Terms defined in the Facility Agreement (as amended pursuant to this Letter) shall have the same meaning when used in this Letter.

1.2 Clauses 1.2 (Construction) and 1.3 (Third Party Rights) of the Facility Agreement will be deemed to be set out in full in this Letter, but as if references in such clauses to the Facility Agreement were references to this Letter.

1.3 The purpose of this Letter is to make an amendment to Clauses 1.1 and 7.2 of the Facility Agreement, as further set out below.

1.4 This Letter is designated as a Finance Document.

2. AMENDMENT

2.1 With effect from (and including) the date of countersignature of this Letter, the below definition to be included in Clause 1.1 (Definitions):

""Acquisition" means the acquisition of the entire share capital of PPL WPD Investments Limited and its subsidiaries by National Grid Holdings One plc as announced by National Grid plc on 18 March 2021."

2.2 With effect from (and including) the date of countersignature of this Letter, Clause 7.2 of the Facility Agreement shall be deemed to be deleted in its entirety and replaced with the following wording:

"7.2 Change of Control

If, except to the extent of a group reorganisation where the Borrower continues to be controlled directly or indirectly by PPL Corporation or, on and following the Acquisition, National Grid plc, the Borrower becomes aware of any person (whether alone or together with any associated person or persons) gaining control of the Borrower (for these purposes "associated person" means, in relation to any person, a person who is (i) "acting in concert" (as defined in the City Code on Takeovers and Mergers) with that person or (ii) a "connected person" (as defined in section 1122 of the CTA 2010) of that person and "control" means the relevant person satisfies any of the criteria set out in paragraphs (1)(a) to (c) of Section 1159 of the Companies Act 2006):

7.2.1 within five days of such date, the Borrower shall give notice of such change of control to the Agent;

7.2.2 the Lenders and the Borrower shall immediately enter into negotiations for a period of not more than 45 days from the date of the change of control with a view to agreeing whether the Facility shall continue to be made available and on what terms;

7.2.3 if no such agreement is reached within the said period of 45 days, then any Lender *may, on 10 Business Days' notice to the Agent and to the Borrower, require the* repayment of its share in the Loan and the cancellation of its Commitment; and

7.2.4 a Lender shall not be obliged to fund its participation in the Loan during the negotiation period set out in paragraph 7.2.2 above and, if no agreement is reached within such negotiation period, during the 10 Business Day notice period set out in paragraph 7.2.3 above."

3. REPEATED REPRESENTATIONS

3.1 The Borrower confirms to each Finance Party that the Repeating Representations are true in all material respects on the date on which the Agent countersigns this Letter by reference to the facts and circumstances then existing on such date.

3.2 References to "this Agreement" in the Repeating Representations should be construed as references to the Agreement as amended by this Letter.

4. MISCELLANEOUS

4.1 Except as varied by the terms of this Letter, the Facility Agreement will remain in full force and effect and any reference in the amended Facility Agreement or to any provision of the Facility Agreement will be construed as a reference to the amended Facility Agreement, or that provision, as amended by this Letter.

4.2 This Letter may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Letter.

4.3 The provisions of Clauses 27.6 (Waivers and remedies cumulative), 34 (Severability), 36 (Notices), 38 (Governing law) and 39 (Enforcement) of the Facility Agreement apply to this Letter as though they were set out in full in this Letter but as if references in such clauses to the Facility Agreement were references to this Letter.

4.4 This Letter and any non-contractual obligations arising out of or in connection with it are governed by English law.

Please sign and return to us a counterpart of this Letter as soon as possible and, in any event, by no later than 5 p.m. (London time) on 12 April 2021 in order to indicate your agreement (on behalf of Majority Lenders) to its terms.

Yours faithfully

THE BORROWER

For and on behalf of

WESTERN POWER DISTRIBUTION PLC

By : [signature]

Name : Julie Hunt

Title : Treasurer

Acknowledged and accepted on behalf of Majority Lenders:

THE AGENT

For and on behalf of

NATIONAL WESTMINSTER BANK PLC

By	:	Andreas Argyrou	By	:	
Name	:	Andreas Argyrou	Name	:	
Title	:	Director, Corporates & Institutions	Title	:	
Date	:	9th April 2021	Date	:	

To: Lloyds Bank PLC as Facility Agent under the Facility Agreement (as defined below)

30 March 2021 (as updated on 7 April 2021)

£845m Revolving Facility Agreement – **Amendment Letter (the "Letter")**

Dear All

Revolving Facility Agreement dated 13 May 2020 and made between, amongst others, Western Power Distribution (East Midlands) plc, Western Power Distribution (West Midlands) plc, Western Power Distribution (South West) plc and Western Power Distribution (South Wales) plc as the Borrowers, the Joint Co-ordinators, the Bookrunners, the Arrangers, the Original Lenders and Lloyds Bank plc as Facility Agent (each such term as defined therein) (as amended, restated **and/or supplemented from time to time, the "Facility Agreement")**

1. INTRODUCTION

1.1 We refer to the Facility Agreement. Terms defined in the Facility Agreement (as amended pursuant to this Letter) shall have the same meaning when used in this Letter.

1.2 Clauses 1.2 (Construction) and 1.3 (Third Party Rights) of the Facility Agreement will be deemed to be set out in full in this Letter, but as if references in such clauses to the Facility Agreement were references to this Letter.

1.3 The purpose of this Letter is to make an amendment to Clauses 1.1 and 9.2 of the Facility Agreement, as further set out below.

1.4 This Letter is designated as a Finance Document.

2. AMENDMENT

2.1 With effect from (and including) the date of countersignature of this Letter, the below definition to be included in Clause 1.1 (Definitions):

""Acquisition" means the acquisition of the entire share capital of PPL WPD Investments Limited and its subsidiaries by National Grid Holdings One plc as announced by National Grid plc on 18 March 2021."

2.2 With effect from (and including) the date of countersignature of this Letter, Clause 9.2 of the Facility Agreement shall be deemed to be deleted in its entirety and replaced with the following wording:

"9.2 Mandatory prepayment - change of control

If, except in the context of a group reorganisation where each Borrower continues to be controlled directly or indirectly by PPL or, on and following the Acquisition, National Grid plc, a Borrower becomes aware of any person (whether alone or together with any associated person or persons) gaining control of that Borrower (for *these purposes "associated person" means,* in relation to any person, a person who is *(i) "acting in concert" (as defined in the City Code on Takeovers and Mergers) with that person or (ii) a "connected" person (as defined in section 1122 of the Taxes Act) of that person and "control" means the rele*vant person satisfies any of the criteria set out in paragraphs (1)(a) to (c) of Section 1159 of the Companies Act 2006):

9.2.1 within five days of such date, that Borrower shall give notice of such change of control to the Facility Agent;

9.2.2 the Lenders and the relevant Borrower shall immediately enter into negotiations for a period of not more than 45 days from the date of the change of control with a view to agreeing whether the Facility shall continue to be made available and on what terms;

9.2.3 if no such agreement is reached within the said period of 45 days then:

(a) any Lender may on 10 days' notice to the Facility Agent and to the Borrower require the repayment of its share in each Loan and cancel its Commitment; or

*(b) the Majority Lenders may on 10 days' noti*ce to the Borrower require repayment in full of all outstanding Loans and cancel the Total Commitments; and

9.2.4 a Lender shall not be obliged to fund any further loans under the Facility (except for a Rollover Loan) during the negotiation period set out in sub-clause 9.2.2, and if no agreement is reached within such negotiation period, during the 10 day notice period set out in sub-clause 9.2.3. "

3. REPEATED REPRESENTATIONS

3.1 Each Borrower confirms to each Finance Party that the Repeating Representations are true in all material respects on the date on which the Facility Agent countersigns this Letter by reference to the facts and circumstances then existing on such date.

3.2 References to "this Agreement" in the Repeating Representations should be construed as references to the Agreement as amended by this Letter.

4. MISCELLANEOUS

4.1 Except as varied by the terms of this Letter, the Facility Agreement will remain in full force and effect and any reference in the amended Facility Agreement or to any provision of the Facility Agreement will be construed as a reference to the amended Facility Agreement, or that provision, as amended by this Letter.

4.2 This Letter may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Letter.

4.3 The provisions of Clauses 27.8 (Waivers and remedies cumulative), 34 (Severability), 36 (Notices) and 39 (Enforcement) of the Facility Agreement apply to this Letter as though they were set out in full in this Letter but as if references in such clauses to the Facility Agreement were references to this Letter.

4.4 This Letter and any non-contractual obligations arising out of or in connection with it are governed by English law.

Please sign and return to us a counterpart of this Letter as soon as possible and, in any event, by no later than 5 p.m. (London time) on 12 April 2021 in order to indicate your agreement (on behalf of all Lenders) to its terms.

Yours faithfully

THE BORROWERS

For and on behalf of

WESTERN POWER DISTRIBUTION (EAST MIDLANDS) PLC

By :

Name : Julie Hunt

Title : Treasurer

For and on behalf of

WESTERN POWER DISTRIBUTION (WEST MIDLANDS) PLC

By :

Name : Julie Hunt

Title : Treasurer

For and on behalf of

WESTERN POWER DISTRIBUTION (SOUTH WEST) PLC

By :

Name : Julie Hunt

Title : Treasurer

For and on behalf of

WESTERN POWER DISTRIBUTION (SOUTH WALES) PLC

By :

Name : Julie Hunt

Title : Treasurer

Acknowledged and accepted on behalf of all Lenders:

THE FACILITY AGENT

For and on behalf of

LLOYDS BANK PLC

By	:	By	:
Name	: JENNIFER ESPINER	Name	:
Title	: ASSOCIATE DIRECTOR, AGENCY	Title	:
Date	: 12TH APRIL 2021	Date	:

Exhibit 31(a)

CERTIFICATION

I, VINCENT SORGI, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PPL Corporation (the "registrant");

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: May 6, 2021

/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 quarterly report on Form 10-Q of PPL Corporation (the "registrant");

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: May 6, 2021

/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 quarterly report on Form 10-Q of PPL Electric Utilities Corporation (the "registrant");

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: May 6, 2021

/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 quarterly report on Form 10-Q of PPL Electric Utilities Corporation (the "registrant");

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: May 6, 2021

/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, PAUL W. THOMPSON, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LG&E and KU Energy LLC (the "registrant");

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: May 6, 2021

/s/ Paul W. Thompson
Paul W. Thompson
President and Chief Executive Officer
(Principal Executive Officer)
LG&E and KU Energy LLC

Exhibit 31(f)

CERTIFICATION

I, KENT W. BLAKE, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LG&E and KU Energy LLC (the "registrant");

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: May 6, 2021

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
(Principal Financial Officer)
LG&E and KU Energy LLC

Exhibit 31(g)

<u>CERTIFICATION</u>

I, PAUL W. THOMPSON, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Louisville Gas and Electric Company (the "registrant");

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: May 6, 2021

/s/ Paul W. Thompson

Paul W. Thompson
President and Chief Executive Officer
(Principal Executive Officer)
Louisville Gas and Electric Company

Exhibit 31(h)

CERTIFICATION

I, KENT W. BLAKE, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Louisville Gas and Electric Company (the "registrant");

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: May 6, 2021

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
(Principal Financial Officer)
Louisville Gas and Electric Company

Exhibit 31(i)

CERTIFICATION

I, PAUL W. THOMPSON, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kentucky Utilities Company (the "registrant");

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: May 6, 2021

/s/ Paul W. Thompson

Paul W. Thompson
President and Chief Executive Officer
(Principal Executive Officer)
Kentucky Utilities Company

Exhibit 31(j)

CERTIFICATION

I, KENT W. BLAKE, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kentucky Utilities Company (the "registrant");

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: May 6, 2021

/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-Q FOR THE QUARTER ENDED MARCH 31, 2021

In connection with the quarterly report on Form 10-Q of PPL Corporation (the "Company") for the quarter ended March 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: May 6, 2021

/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-Q FOR THE QUARTER ENDED MARCH 31, 2021

In connection with the quarterly report on Form 10-Q of PPL Electric Utilities Corporation (the "Company") for the quarter ended March 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 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: May 6, 2021	/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 LG&E AND KU ENERGY LLC'S FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2021

In connection with the quarterly report on Form 10-Q of LG&E and KU Energy LLC (the "Company") for the quarter ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, Paul W. Thompson, 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: May 6, 2021

/s/ Paul W. Thompson
Paul W. Thompson
President and Chief Executive Officer
(Principal Executive Officer)
LG&E and KU Energy LLC

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
(Principal Financial Officer)
LG&E and KU Energy LLC

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(d)

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
FOR LOUISVILLE GAS AND ELECTRIC COMPANY'S FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2021

In connection with the quarterly report on Form 10-Q of Louisville Gas and Electric Company (the "Company") for the quarter ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, Paul W. Thompson, 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: May 6, 2021

/s/ Paul W. Thompson
Paul W. Thompson
President and Chief Executive Officer
(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(e)

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
FOR KENTUCKY UTILITIES COMPANY'S FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2021

In connection with the quarterly report on Form 10-Q of Kentucky Utilities Company (the "Company") for the quarter ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, Paul W. Thompson, 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: May 6, 2021

/s/ Paul W. Thompson
Paul W. Thompson
President and Chief Executive Officer
(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.

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

FORM 10-Q

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

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 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	☒

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

PPL Corporation	Common stock, $0.01 par value, 769,605,825 shares outstanding at July 30, 2021.
PPL Electric Utilities Corporation	Common stock, no par value, 66,368,056 shares outstanding and all held by PPL Corporation at July 30, 2021.
Louisville Gas and Electric Company	Common stock, no par value, 21,294,223 shares outstanding and all held by LG&E and KU Energy LLC at July 30, 2021.
Kentucky Utilities Company	Common stock, no par value, 37,817,878 shares outstanding and all held by LG&E and KU Energy LLC at July 30, 2021.

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

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

FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2021

Table of Contents

This combined Form 10-Q 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.

Table of Contents

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 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.

PPL EU Services - PPL EU Services Corporation, a subsidiary of PPL that provides administrative, management and support services primarily to PPL Electric.

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 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.

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, acquired in June 2018, that provides solar energy solutions for commercial customers in the U.S.

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.

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.

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

Other terms and abbreviations

£ - British pound sterling.

2020 Form 10-K - Annual Report to the SEC on Form 10-K for the year ended December 31, 2020.

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 2. 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.

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

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

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

COVID-19 - the disease caused by the novel coronavirus identified in 2019 that 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.

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.

DSP - Default Service Provider.

Earnings from Ongoing Operations - a non-GAAP financial measure of earnings adjusted for the impact of special items and used in "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" (MD&A).

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, gas risers, leak mitigation, and gas main replacements.

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

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

LIBOR - London Interbank Offered Rate.

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.

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, 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.

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").

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

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.

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.

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.

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.

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.

Forward-looking Information

Statements contained in this Form 10-Q concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact are "forward-looking statements" within the meaning of the federal securities laws. Although the Registrants believe that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that these expectations will prove to be correct. Forward-looking statements are subject to many risks and uncertainties, and actual results may differ materially from the results discussed in forward-looking statements. In addition to the specific factors discussed in each Registrant's 2020 Form 10-K and in "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-Q, the following are among the important factors that could cause actual results to differ materially and adversely from the forward-looking statements:

- strategic acquisitions, dispositions, or similar transactions, including the expected 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 and financial markets;
- 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;
- changes in U.S. state or federal tax laws or regulations;
- 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 in the U.S.;
- 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 or credit, 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 the potential cash funding requirements if fair value declines;
- 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;
- 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;
- new 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. FINANCIAL INFORMATION
ITEM 1. Financial Statements
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
PPL Corporation and Subsidiaries
(Unaudited)
(Millions of Dollars, except share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Operating Revenues	**$ 1,288**	$ 1,263	**$ 2,786**	$ 2,703
Operating Expenses				
Operation				
Fuel	**159**	138	**336**	301
Energy purchases	**137**	133	**357**	334
Other operation and maintenance	**404**	353	**771**	708
Depreciation	**269**	255	**536**	505
Taxes, other than income	**49**	37	**101**	84
Total Operating Expenses	**1,018**	916	**2,101**	1,932
Operating Income	**270**	347	**685**	771
Other Income (Expense) - net	**13**	10	**13**	5
Interest Expense	**474**	164	**627**	318
Income (Loss) from Continuing Operations Before Income Taxes	**(191)**	193	**71**	458
Income Taxes	**345**	40	**404**	101
Income (Loss) from Continuing Operations After Income Taxes	**(536)**	153	**(333)**	357
Income (Loss) from Discontinued Operations (net of income taxes) (Note 9)	**555**	191	**(1,488)**	541
Net Income (Loss)	**$ 19**	$ 344	**$ (1,821)**	$ 898
Earnings Per Share of Common Stock:				
Basic and Diluted				
Income (Loss) from Continuing Operations After Income Taxes	**$ (0.69)**	$ 0.20	**$ (0.44)**	$ 0.47
Income (Loss) from Discontinued Operations (net of income taxes)	**0.72**	0.25	**(1.93)**	0.70
Net Income (Loss) Available to PPL Common Shareowners	**$ 0.03**	$ 0.45	**$ (2.37)**	$ 1.17
Weighted-Average Shares of Common Stock Outstanding (in thousands)				
Basic	**769,466**	768,768	**769,313**	768,358
Diluted	**769,466**	769,408	**769,313**	769,073

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
PPL Corporation and Subsidiaries

(Unaudited)
(Millions of Dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income (loss)	**$ 19**	$ 344	**$ (1,821)**	$ 898
Other comprehensive income (loss):				
Amounts arising during the period - gains (losses), net of tax (expense) benefit:				
Foreign currency translation adjustments, net of tax of ($43), $1, ($123), $1	**69**	(291)	**372**	(352)
Qualifying derivatives, net of tax of ($5), ($6), $11, ($8)	**(9)**	28	**(39)**	36
Defined benefit plans:				
Net actuarial gain (loss), net of tax of $2, $1, $2, $1	**(6)**	(1)	**(6)**	(1)
Reclassifications from AOCI - (gains) losses, net of tax expense (benefit):				
Qualifying derivatives, net of tax of $10, $4, ($4), $4	**(1)**	(20)	**24**	(23)
Defined benefit plans:				
Prior service costs, net of tax of $2, $0, $2, $0	**(7)**	1	**(7)**	2
Net actuarial (gain) loss, net of tax of ($4), ($11), ($26), ($23)	**67**	47	**107**	94
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, $140, $0	**786**	—	**786**	—
Qualifying derivatives, net of tax of $0, $0, $0, $0	**15**	—	**15**	—
Defined benefit plans:				
Prior service costs, net of tax of ($2), $0, ($2), $0	**8**	—	**8**	—
Net actuarial (gain) loss, net of tax of ($798), $0, ($798), $0	**2,769**	—	**2,769**	—
Total other comprehensive income (loss)	**3,691**	(236)	**4,029**	(244)
Comprehensive income (loss)	**$ 3,710**	$ 108	**$ 2,208**	$ 654

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
PPL Corporation and Subsidiaries

(Unaudited)
(Millions of Dollars)

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Cash Flows from Operating Activities		
Net income (loss)	$ (1,821)	$ 898
Loss (income) from discontinued operations (net of income taxes)	1,488	(541)
Income from continuing operations (net of income taxes)	(333)	357
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	536	505
Amortization	40	22
Deferred income taxes and investment tax credits	29	113
Impairment of solar panels	37	—
Loss on extinguishment of debt	322	—
Other	(9)	22
Change in current assets and current liabilities		
Accounts payable	(26)	(81)
Unbilled revenues	53	61
Prepayments	(62)	(67)
Taxes payable	192	(34)
Regulatory assets and liabilities, net	39	(47)
Other	59	76
Other operating activities		
Defined benefit plans - funding	(36)	(56)
Other assets	(70)	27
Other liabilities	24	(32)
Net cash provided by operating activities - continuing operations	795	866
Net cash provided by operating activities - discontinued operations	726	433
Net cash provided by operating activities	1,521	1,299
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(969)	(1,158)
Proceeds from sale of discontinued operations, net of cash divested	10,560	—
Other investing activities	(8)	9
Net cash provided by (used in) investing activities - continuing operations	9,583	(1,149)
Net cash provided by (used in) investing activities - discontinued operations	(607)	(424)
Net cash provided by (used in) investing activities	8,976	(1,573)
Cash Flows from Financing Activities		
Issuance of long-term debt	650	1,598
Retirement of long-term debt	(2,379)	—
Proceeds from project financing	5	96
Issuance of common stock	—	33
Payment of common stock dividends	(640)	(636)
Issuance of term loan	—	300
Retirement of term loan	(300)	—
Retirement of commercial paper	(73)	—
Net increase (decrease) in short-term debt	(795)	(638)
Other financing activities	(24)	(23)
Net cash provided by (used in) financing activities - continuing operations	(3,556)	730
Net cash provided by (used in) financing activities - discontinued operations	(411)	(23)
Contributions (to) from discontinued operations	365	38
Net cash provided by (used in) financing activities	(3,602)	745
Effect of Exchange Rates on Cash, Cash Equivalents and Restricted Cash included in Discontinued Operations	8	(6)
Net (Increase) Decrease in Cash, Cash Equivalents and Restricted Cash included in Discontinued Operations	284	20
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	7,187	485
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	443	660
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 7,630	$ 1,145
Supplemental Disclosures of Cash Flow Information		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at June 30,	$ 222	$ 250

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

CONDENSED CONSOLIDATED BALANCE SHEETS
PPL Corporation and Subsidiaries

(Unaudited)
(Millions of Dollars, shares in thousands)

	June 30, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 7,629**	$ 442
Accounts receivable (less reserve: 2021, $66; 2020, $71)		
Customer	**569**	603
Other	**89**	86
Unbilled revenues (less reserve: 2021, $3; 2020, $4)	**247**	301
Fuel, materials and supplies	**265**	302
Prepayments	**119**	53
Other current assets	**100**	130
Current assets held for sale (Note 9)	**—**	18,983
Total Current Assets	**9,018**	**20,900**
Property, Plant and Equipment		
Regulated utility plant	**29,757**	29,040
Less: accumulated depreciation - regulated utility plant	**6,314**	6,008
Regulated utility plant, net	**23,443**	23,032
Non-regulated property, plant and equipment	**246**	237
Less: accumulated depreciation - non-regulated property, plant and equipment	**40**	37
Non-regulated property, plant and equipment, net	**206**	200
Construction work in progress	**1,296**	1,268
Property, Plant and Equipment, net	**24,945**	24,500
Other Noncurrent Assets		
Regulatory assets	**1,281**	1,262
Goodwill	**716**	716
Other intangibles	**347**	351
Pension benefit asset	**67**	24
Other noncurrent assets (less reserve for accounts receivable: 2021, $5; 2020 $0)	**385**	363
Total Other Noncurrent Assets	**2,796**	2,716
Total Assets	**$ 36,759**	$ 48,116

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

CONDENSED CONSOLIDATED BALANCE SHEETS
PPL Corporation and Subsidiaries

(Unaudited)
(Millions of Dollars, shares in thousands)

	June 30, 2021	December 31, 2020
Liabilities and Equity		
Current Liabilities		
Short-term debt	**$ —**	$ 1,168
Long-term debt due within one year	**2,200**	1,074
Accounts payable	**683**	745
Taxes	**261**	69
Interest	**96**	113
Dividends	**320**	319
Regulatory liabilities	**198**	79
Other current liabilities	**414**	465
Current liabilities held for sale (Note 9)	**—**	11,023
Total Current Liabilities	**4,172**	15,055
Long-term Debt	**11,095**	13,615
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	**3,079**	2,536
Investment tax credits	**120**	122
Accrued pension obligations	**189**	189
Asset retirement obligations	**140**	132
Regulatory liabilities	**2,468**	2,530
Other deferred credits and noncurrent liabilities	**544**	564
Total Deferred Credits and Other Noncurrent Liabilities	**6,540**	6,073
Commitments and Contingent Liabilities (Notes 7 and 11)		
Equity		
Common stock - $0.01 par value (a)	**8**	8
Additional paid-in capital	**12,281**	12,270
Earnings reinvested	**2,854**	5,315
Accumulated other comprehensive loss	**(191)**	(4,220)
Total Equity	**14,952**	13,373
Total Liabilities and Equity	**$ 36,759**	$ 48,116

(a) 1,560,000 shares authorized; 769,564 and 768,907 shares issued and outstanding at June 30, 2021 and December 31, 2020.

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

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
PPL Corporation and Subsidiaries

(Unaudited)
(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Accumulated other comprehensive loss	Total
March 31, 2021	769,427	$ 8	$ 12,273	$ 3,155	$ (3,882)	$ 11,554
Common stock issued	137		4			4
Stock-based compensation			4			4
Net income (loss)				19		19
Dividends and dividend equivalents (b)				(320)		(320)
Other comprehensive income (loss)					3,691	3,691
June 30, 2021	769,564	$ 8	$ 12,281	$ 2,854	$ (191)	$ 14,952
December 31, 2020	768,907	$ 8	$ 12,270	$ 5,315	$ (4,220)	$ 13,373
Common stock issued	657		20			20
Stock-based compensation			(9)			(9)
Net income (loss)				(1,821)		(1,821)
Dividends and dividend equivalents (b)				(640)		(640)
Other comprehensive income (loss)					4,029	4,029
June 30, 2021	769,564	$ 8	$ 12,281	$ 2,854	$ (191)	$ 14,952
March 31, 2020	768,266	$ 8	$ 12,239	$ 5,360	$ (4,366)	$ 13,241
Common stock issued	517		13			13
Stock-based compensation			3			3
Net income (loss)				344		344
Dividends and dividend equivalents (b)				(321)		(321)
Other comprehensive income (loss)					(236)	(236)
June 30, 2020	768,783	$ 8	$ 12,255	$ 5,383	$ (4,602)	$ 13,044
December 31, 2019	767,233	$ 8	$ 12,214	$ 5,127	$ (4,358)	$ 12,991
Common stock issued	1,550		47			47
Stock-based compensation			(6)			(6)
Net income (loss)				898		898
Dividends and dividend equivalents (b)				(640)		(640)
Other comprehensive income (loss)					(244)	(244)
Adoption of financial instrument credit losses guidance cumulative effect adjustment				(2)		(2)
June 30, 2020	768,783	$ 8	$ 12,255	$ 5,383	$ (4,602)	$ 13,044

(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 were $0.415 and $0.830 for the three and six months ended June 30, 2021 and June 30, 2020.

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

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME
PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)
(Millions of Dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Operating Revenues	**$ 537**	$ 554	**$ 1,142**	$ 1,162
Operating Expenses				
Operation				
Energy purchases	**110**	111	**259**	255
Other operation and maintenance	**125**	129	**253**	266
Depreciation	**109**	101	**217**	199
Taxes, other than income	**26**	18	**58**	48
Total Operating Expenses	**370**	359	**787**	768
Operating Income	**167**	195	**355**	394
Other Income (Expense) - net	**5**	5	**10**	8
Interest Income from Affiliate	**—**	—	**—**	1
Interest Expense	**42**	42	**85**	86
Income Before Income Taxes	**130**	158	**280**	317
Income Taxes	**34**	40	**71**	81
Net Income (a)	**$ 96**	$ 118	**$ 209**	$ 236

(a) Net income equals comprehensive income.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)
(Millions of Dollars)

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Cash Flows from Operating Activities		
Net income	**$ 209**	$ 236
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	**217**	199
Amortization	**10**	13
Defined benefit plans - expense (income)	**(5)**	—
Deferred income taxes and investment tax credits	**74**	61
Other	**(9)**	4
Change in current assets and current liabilities		
Accounts receivable	**(74)**	(19)
Accounts payable	**(62)**	(37)
Unbilled revenues	**35**	44
Materials and supplies	**3**	(15)
Prepayments	**(56)**	(59)
Regulatory assets and liabilities, net	**61**	(32)
Taxes payable	**(9)**	(11)
Other	**(1)**	(10)
Other operating activities		
Defined benefit plans - funding	**(21)**	(21)
Other assets	**(10)**	5
Other liabilities	**(8)**	2
Net cash provided by operating activities	**354**	360
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	**(458)**	(556)
Increase in notes receivable from affiliate	**(1,075)**	—
Other investing activities	**—**	(2)
Net cash used in investing activities	**(1,533)**	(558)
Cash Flows from Financing Activities		
Issuance of long-term debt	**650**	—
Contributions from parent	**750**	255
Return of capital to parent	**—**	(260)
Payment of common stock dividends to parent	**(201)**	(246)
Net increase in short-term debt	**—**	200
Other financing activities	**(2)**	—
Net cash provided by (used in) financing activities	**1,197**	**(51)**
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	**18**	(249)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	**40**	264
Cash, Cash Equivalents and Restricted Cash at End of Period	**$ 58**	$ 15
Supplemental Disclosure of Cash Flow Information		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at June 30,	**$ 138**	$ 158

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

CONDENSED CONSOLIDATED BALANCE SHEETS
PPL Electric Utilities Corporation and Subsidiaries
(Unaudited)
(Millions of Dollars, shares in thousands)

	June 30, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 58**	$ 40
Accounts receivable (less reserve: 2021, $36; 2020, $41)		
Customer	**304**	311
Other	**67**	17
Accounts receivable from affiliates	**10**	10
Notes receivable from affiliate	**1,075**	—
Unbilled revenues (less reserve: 2021, $1; 2020, $2)	**86**	121
Materials and supplies	**61**	59
Prepayments	**65**	9
Regulatory assets	**45**	40
Other current assets	**14**	13
Total Current Assets	**1,785**	620
Property, Plant and Equipment		
Regulated utility plant	**13,860**	13,514
Less: accumulated depreciation - regulated utility plant	**3,392**	3,297
Regulated utility plant, net	**10,468**	10,217
Construction work in progress	**577**	592
Property, Plant and Equipment, net	**11,045**	10,809
Other Noncurrent Assets		
Regulatory assets	**522**	541
Intangibles	**269**	268
Pension benefit asset	**40**	12
Other noncurrent assets (less reserve for accounts receivable: 2021, $5; 2020, $0)	**123**	74
Total Other Noncurrent Assets	**954**	895
Total Assets	**$ 13,784**	$ 12,324

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

CONDENSED CONSOLIDATED BALANCE SHEETS
PPL Electric Utilities Corporation and Subsidiaries
(Unaudited)
(Millions of Dollars, shares in thousands)

	June 30, 2021	December 31, 2020
Liabilities and Equity		
Current Liabilities		
Long-term debt due within one year	**$ 400**	$ 400
Accounts payable	**352**	428
Accounts payable to affiliates	**36**	39
Taxes	**8**	17
Interest	**39**	39
Regulatory liabilities	**138**	68
Other current liabilities	**105**	105
Total Current Liabilities	**1,078**	1,096
Long-term Debt	**4,485**	3,836
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	**1,646**	1,559
Accrued pension obligations	**8**	8
Regulatory liabilities	**568**	578
Other deferred credits and noncurrent liabilities	**117**	123
Total Deferred Credits and Other Noncurrent Liabilities	**2,339**	2,268
Commitments and Contingent Liabilities (Notes 7 and 11)		
Equity		
Common stock - no par value (a)	**364**	364
Additional paid-in capital	**4,503**	3,753
Earnings reinvested	**1,015**	1,007
Total Equity	**5,882**	5,124
Total Liabilities and Equity	**$ 13,784**	$ 12,324

(a) 170,000 shares authorized; 66,368 shares issued and outstanding at June 30, 2021 and December 31, 2020.

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

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)
(Millions of Dollars)

	Common stock shares outstanding (a)		Common stock		Additional paid-in capital		Earnings reinvested		Total
March 31, 2021	66,368	$	364	$	3,753	$	1,005	$	5,122
Net income							96		96
Capital contributions from parent					750				750
Dividends declared on common stock							(86)		(86)
June 30, 2021	66,368	$	364	$	4,503	$	1,015	$	5,882
December 31, 2020	66,368	$	364	$	3,753	$	1,007	$	5,124
Net income							209		209
Capital contributions from parent					750				750
Dividends declared on common stock							(201)		(201)
June 30, 2021	66,368	$	364	$	4,503	$	1,015	$	5,882
March 31, 2020	66,368	$	364	$	3,558	$	863	$	4,785
Net income							118		118
Capital contributions from parent					255				255
Return of capital to parent					(260)				(260)
Dividends declared on common stock							(81)		(81)
June 30, 2020	66,368	$	364	$	3,553	$	900	$	4,817
December 31, 2019	66,368	$	364	$	3,558	$	910	$	4,832
Net income							236		236
Capital contributions from PPL					255				255
Return of capital to parent					(260)				(260)
Dividends declared on common stock							(246)		(246)
June 30, 2020	66,368	$	364	$	3,553	$	900	$	4,817

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

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

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CONDENSED STATEMENTS OF INCOME
Louisville Gas and Electric Company
(Unaudited)
(Millions of Dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Operating Revenues				
Retail and wholesale	**$ 333**	$ 320	**$ 754**	$ 713
Electric revenue from affiliate	**9**	2	**16**	16
Total Operating Revenues	**342**	322	**770**	729
Operating Expenses				
Operation				
Fuel	**66**	50	**133**	124
Energy purchases	**23**	18	**89**	70
Energy purchases from affiliate	**3**	8	**8**	8
Other operation and maintenance	**97**	92	**193**	184
Depreciation	**68**	65	**134**	129
Taxes, other than income	**11**	9	**22**	19
Total Operating Expenses	**268**	242	**579**	534
Operating Income	**74**	80	**191**	195
Other Income (Expense) - net	**3**	1	**1**	—
Interest Expense	**20**	22	**41**	44
Income Before Income Taxes	**57**	59	**151**	151
Income Taxes	**12**	12	**31**	31
Net Income (a)	**$ 45**	$ 47	**$ 120**	$ 120

(a) Net income equals comprehensive income.

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

CONDENSED STATEMENTS OF CASH FLOWS
Louisville Gas and Electric Company
(Unaudited)
(Millions of Dollars)

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Cash Flows from Operating Activities		
Net income	**$ 120**	$ 120
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	**134**	129
Amortization	**4**	4
Defined benefit plans - expense	**—**	1
Deferred income taxes and investment tax credits	**5**	2
Change in current assets and current liabilities		
Accounts receivable	**10**	18
Accounts receivable from affiliates	**—**	2
Accounts payable	**8**	(25)
Accounts payable to affiliates	**(11)**	(9)
Unbilled revenues	**13**	8
Fuel, materials and supplies	**25**	20
Regulatory assets and liabilities, net	**(12)**	4
Taxes payable	**(7)**	21
Accrued interest	**1**	—
Other	**(17)**	(9)
Other operating activities		
Defined benefit plans - funding	**(2)**	(5)
Expenditures for asset retirement obligations	**(15)**	(8)
Other assets	**(1)**	(2)
Other liabilities	**3**	4
Net cash provided by operating activities	**258**	275
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	**(215)**	(214)
Net cash used in investing activities	**(215)**	(214)
Cash Flows from Financing Activities		
Net increase in notes payable to affiliates	**282**	190
Net decrease in short-term debt	**(221)**	(238)
Retirement of commercial paper	**(41)**	—
Payment of common stock dividends to parent	**(109)**	(76)
Contributions from parent	**44**	53
Other financing activities	**(1)**	—
Net cash used in financing activities	**(46)**	(71)
Net Decrease in Cash and Cash Equivalents	**(3)**	(10)
Cash and Cash Equivalents at Beginning of Period	**7**	15
Cash and Cash Equivalents at End of Period	**$ 4**	$ 5
Supplemental Disclosure of Cash Flow Information		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at June 30,	**$ 44**	$ 49

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

CONDENSED BALANCE SHEETS
Louisville Gas and Electric Company
(Unaudited)
(Millions of Dollars, shares in thousands)

	June 30, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	$ **4**	$ 7
Accounts receivable (less reserve: 2021, $1; 2020, $2)		
Customer	**112**	127
Other	**40**	35
Unbilled revenues (less reserve: 2021, $1; 2020, $1)	**66**	79
Accounts receivable from affiliates	**16**	16
Fuel, materials and supplies	**94**	119
Prepayments	**17**	14
Regulatory assets	**21**	23
Other current assets	**1**	1
Total Current Assets	**371**	421
Property, Plant and Equipment		
Regulated utility plant	**6,907**	6,735
Less: accumulated depreciation - regulated utility plant	**1,102**	1,020
Regulated utility plant, net	**5,805**	5,715
Construction work in progress	**307**	320
Property, Plant and Equipment, net	**6,112**	6,035
Other Noncurrent Assets		
Regulatory assets	**354**	351
Goodwill	**389**	389
Other intangibles	**33**	35
Other noncurrent assets	**121**	114
Total Other Noncurrent Assets	**897**	889
Total Assets	$ **7,380**	$ 7,345

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

CONDENSED BALANCE SHEETS
Louisville Gas and Electric Company

(Unaudited)
(Millions of Dollars, shares in thousands)

	June 30, 2021	December 31, 2020
Liabilities and Equity		
Current Liabilities		
Short-term debt	$ —	$ 262
Long-term debt due within one year	28	292
Notes payable to affiliates	282	—
Accounts payable	144	153
Accounts payable to affiliates	21	31
Customer deposits	31	32
Taxes	25	32
Price risk management liabilities	2	2
Regulatory liabilities	41	—
Interest	15	15
Asset retirement obligations	9	10
Other current liabilities	39	50
Total Current Liabilities	637	879
Long-term Debt	1,978	1,715
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	729	716
Investment tax credits	32	33
Price risk management liabilities	18	21
Asset retirement obligations	51	57
Regulatory liabilities	840	882
Other deferred credits and noncurrent liabilities	92	94
Total Deferred Credits and Other Noncurrent Liabilities	1,762	1,803
Commitments and Contingent Liabilities (Notes 7 and 11)		
Stockholder's Equity		
Common stock - no par value (a)	424	424
Additional paid-in capital	1,967	1,923
Earnings reinvested	612	601
Total Equity	3,003	2,948
Total Liabilities and Equity	$ 7,380	$ 7,345

(a) 75,000 shares authorized; 21,294 shares issued and outstanding at June 30, 2021 and December 31, 2020.

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

CONDENSED STATEMENTS OF EQUITY
Louisville Gas and Electric Company

(Unaudited)
(Millions of Dollars)

	Common stock shares outstanding (a)		Common stock		Additional paid-in capital		Earnings reinvested		Total
March 31, 2021	21,294	$	424	$	1,923	$	616	$	2,963
Net income							45		45
Capital contributions from parent					44				44
Cash dividends declared on common stock							(49)		(49)
June 30, 2021	21,294	$	424	$	1,967	$	612	$	3,003
December 31, 2020	21,294	$	424	$	1,923	$	601	$	2,948
Net income							120		120
Capital contributions from parent					44				44
Cash dividends declared on common stock							(109)		(109)
June 30, 2021	21,294	$	424	$	1,967	$	612	$	3,003
March 31, 2020	21,294	$	424	$	1,845	$	562	$	2,831
Net income							47		47
Capital contributions from parent					28				28
Cash dividends declared on common stock							(47)		(47)
June 30, 2020	21,294	$	424	$	1,873	$	562	$	2,859
December 31, 2019	21,294	$	424	$	1,820	$	518	$	2,762
Net income							120		120
Capital contributions from parent					53				53
Cash dividends declared on common stock							(76)		(76)
June 30, 2020	21,294	$	424	$	1,873	$	562	$	2,859

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

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

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CONDENSED STATEMENTS OF INCOME
Kentucky Utilities Company
(Unaudited)
(Millions of Dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Operating Revenues				
Retail and wholesale	**$ 408**	$ 380	**$ 872**	$ 812
Electric revenue from affiliate	**3**	8	**8**	8
Total Operating Revenues	**411**	388	**880**	820
Operating Expenses				
Operation				
Fuel	**93**	88	**203**	177
Energy purchases	**4**	4	**9**	9
Energy purchases from affiliate	**9**	2	**16**	16
Other operation and maintenance	**111**	107	**226**	211
Depreciation	**90**	86	**179**	170
Taxes, other than income	**11**	8	**21**	17
Total Operating Expenses	**318**	295	**654**	600
Operating Income	**93**	93	**226**	220
Other Income (Expense) - net	**3**	—	**4**	1
Interest Expense	**27**	29	**54**	57
Income Before Income Taxes	**69**	64	**176**	164
Income Taxes	**13**	11	**34**	31
Net Income (a)	**$ 56**	$ 53	**$ 142**	$ 133

(a) Net income equals comprehensive income.

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

CONDENSED STATEMENTS OF CASH FLOWS
Kentucky Utilities Company
(Unaudited)
(Millions of Dollars)

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Cash Flows from Operating Activities		
Net income	**$ 142**	$ 133
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	**179**	170
Amortization	**3**	4
Defined benefit plans - expense	**(2)**	—
Deferred income taxes and investment tax credits	**—**	5
Other	**(1)**	(1)
Change in current assets and current liabilities		
Accounts receivable	**5**	15
Accounts receivable from affiliates	**1**	—
Accounts payable	**(15)**	(7)
Accounts payable to affiliates	**(5)**	(15)
Unbilled revenues	**8**	7
Fuel, materials and supplies	**13**	4
Regulatory assets and liabilities, net	**(11)**	(19)
Taxes payable	**(7)**	24
Accrued interest	**—**	1
Other	**(19)**	(12)
Other operating activities		
Defined benefit plans - funding	**(1)**	(1)
Expenditures for asset retirement obligations	**(18)**	(23)
Other liabilities	**8**	8
Net cash provided by operating activities	**280**	293
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	**(270)**	(264)
Net increase in notes receivable with affiliates	**—**	(190)
Other investing activities	**4**	3
Net cash used in investing activities	**(266)**	(451)
Cash Flows from Financing Activities		
Net increase in notes payable to affiliates	**226**	—
Issuance of long-term debt	**—**	498
Net decrease in short-term debt	**(171)**	(150)
Retirement of commercial paper	**(32)**	—
Payment of common stock dividends to parent	**(111)**	(89)
Contributions from parent	**60**	37
Other financing activities	**(1)**	(5)
Net cash provided by (used in) financing activities	**(29)**	291
Net Increase (Decrease) in Cash and Cash Equivalents	**(15)**	133
Cash and Cash Equivalents at Beginning of Period	**22**	12
Cash and Cash Equivalents at End of Period	**$ 7**	$ 145
Supplemental Disclosure of Cash Flow Information		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at June 30,	**$ 40**	$ 41

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

CONDENSED BALANCE SHEETS
Kentucky Utilities Company
(Unaudited)
(Millions of Dollars, shares in thousands)

	June 30, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	$ 7	$ 22
Accounts receivable (less reserve: 2021, $1; 2020, $1)		
Customer	148	156
Other	31	30
Unbilled revenues (less reserve: 2021, $1; 2020, $1)	89	97
Accounts receivable from affiliates	—	1
Fuel, materials and supplies	111	123
Prepayments	17	15
Regulatory assets	3	36
Other current assets	—	1
Total Current Assets	406	481
Property, Plant and Equipment		
Regulated utility plant	9,006	8,808
Less: accumulated depreciation - regulated utility plant	1,820	1,690
Regulated utility plant, net	7,186	7,118
Construction work in progress	362	321
Property, Plant and Equipment, net	7,548	7,439
Other Noncurrent Assets		
Regulatory assets	405	370
Goodwill	607	607
Other intangibles	24	26
Other noncurrent assets	158	149
Total Other Noncurrent Assets	1,194	1,152
Total Assets	$ 9,148	$ 9,072

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

CONDENSED BALANCE SHEETS
Kentucky Utilities Company
(Unaudited)
(Millions of Dollars, shares in thousands)

	June 30, 2021	December 31, 2020
Liabilities and Equity		
Current Liabilities		
Short-term debt	**$ —**	$ 203
Long-term debt due within one year	**—**	132
Notes payable to affiliates	**226**	—
Accounts payable	**105**	121
Accounts payable to affiliates	**39**	43
Customer deposits	**32**	32
Taxes	**22**	29
Regulatory liabilities	**19**	11
Interest	**18**	19
Asset retirement obligations	**23**	40
Other current liabilities	**45**	59
Total Current Liabilities	**529**	689
Long-term Debt	**2,618**	2,486
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	**846**	835
Investment tax credits	**87**	88
Asset retirement obligations	**89**	75
Regulatory liabilities	**1,060**	1,070
Other deferred credits and noncurrent liabilities	**46**	47
Total Deferred Credits and Other Noncurrent Liabilities	**2,128**	2,115
Commitments and Contingent Liabilities (Notes 7 and 11)		
Stockholder's Equity		
Common stock - no par value (a)	**308**	308
Additional paid-in capital	**2,917**	2,857
Earnings reinvested	**648**	617
Total Equity	**3,873**	3,782
Total Liabilities and Equity	**$ 9,148**	$ 9,072

(a) 80,000 shares authorized; 37,818 shares issued and outstanding at June 30, 2021 and December 31, 2020.

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

CONDENSED STATEMENTS OF EQUITY
Kentucky Utilities Company
(Unaudited)
(Millions of Dollars)

	Common stock shares outstanding (a)		Common stock		Additional paid-in capital		Earnings reinvested		Total
March 31, 2021	37,818	$	308	$	2,857	$	647	$	3,812
Net income							56		56
Capital contributions from parent					60				60
Cash dividends declared on common stock							(55)		(55)
June 30, 2021	37,818	$	308	$	2,917	$	648	$	3,873
December 31, 2020	37,818	$	308	$	2,857	$	617	$	3,782
Net income							142		142
Capital contributions from parent					60				60
Cash dividends declared on common stock							(111)		(111)
June 30, 2021	37,818	$	308	$	2,917	$	648	$	3,873
March 31, 2020	37,818	$	308	$	2,766	$	580	$	3,654
Net income							53		53
Cash dividends declared on common stock							(52)		(52)
June 30, 2020	37,818	$	308	$	2,766	$	581	$	3,655
December 31, 2019	37,818	$	308	$	2,729	$	537	$	3,574
Net income							133		133
Capital contributions from parent					37				37
Cash dividends declared on common stock							(89)		(89)
June 30, 2020	37,818	$	308	$	2,766	$	581	$	3,655

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

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

Combined Notes to Condensed Financial Statements (Unaudited)

Index to Combined Notes to Condensed Financial Statements

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

	Registrant			
	PPL	PPL Electric	LG&E	KU
1. Interim Financial Statements	x	x	x	x
2. Summary of Significant Accounting Policies	x	x	x	x
3. Segment and Related Information	x	x	x	x
4. Revenue from Contracts with Customers	x	x	x	x
5. Earnings Per Share	x			
6. Income 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. Defined Benefits	x	x	x	x
11. Commitments and Contingencies	x	x	x	x
12. Related Party Transactions		x	x	x
13. Other Income (Expense) - net	x			
14. Fair Value Measurements	x	x	x	x
15. Derivative Instruments and Hedging Activities	x	x	x	x
16. Asset Retirement Obligations	x		x	x
17. Accumulated Other Comprehensive Income (Loss)	x			

1. Interim Financial Statements

(All Registrants)

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

The accompanying unaudited condensed financial statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X and, therefore, do not include all of the information and footnote disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation in accordance with GAAP are reflected in the condensed financial statements. All adjustments are of a normal recurring nature, except as otherwise disclosed. Each Registrant's Balance Sheet at December 31, 2020 is derived from that Registrant's 2020 audited Balance Sheet. The financial statements and notes thereto should be read in conjunction with the financial statements and notes contained in each Registrant's 2020 Form 10-K. The results of operations for the three and six months ended June 30, 2021 are not necessarily indicative of the results to be expected for the full year ending December 31, 2021 or other future periods, because results for interim periods can be disproportionately influenced by various factors, developments and seasonal variations.

(PPL)

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. Historically, PPL consolidated the U.K. utility business on a one-month lag. The results of operations of the U.K. utility business for the period June 1, 2021 through June 13, 2021 have been unlagged and included in "Income (Loss) from Discontinued Operations (net of incomes taxes)" on the Statements of Income for the three and six-month periods ended June 30, 2021. The assets and liabilities of the U.K. utility business as of December 31, 2020 have been 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 this Form 10-Q, LKE is no longer reported as a Registrant.

2. Summary of Significant Accounting Policies

(All Registrants)

The following accounting policy disclosures represent updates to Note 1 in each Registrant's 2020 Form 10-K and should be read in conjunction with those disclosures.

Restricted Cash and Cash Equivalents *(PPL)*

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 that sum to the total of the same amounts shown on the Statements of Cash Flows:

	PPL	
	June 30, 2021	December 31, 2020
Cash and cash equivalents	$ 7,629	$ 442
Restricted cash - current (a)	1	1
Total Cash, Cash Equivalents and Restricted Cash	$ 7,630	$ 443

(a) 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. On the Balance Sheets, the current portion of restricted cash is included in "Other current assets."

Current Expected Credit Losses

(All Registrants)

The following table shows changes in the allowance for credit losses for the six months ended June 30, 2021:

	Balance at Beginning of Period	Charged to Income	Deductions (a)	Balance at End of Period
PPL				
Accounts Receivable - Customer and Unbilled Revenue (c)	$ 44	$ 2	$ 4	$ 42
Other (b)	28	1	—	29
PPL Electric				
Accounts Receivable - Customer and Unbilled Revenue (c)	$ 39	$ 1	$ 2	$ 38
Other	1	—	—	1
LG&E				
Accounts Receivable - Customer and Unbilled Revenue	$ 3	$ —	$ 1	$ 2
KU				
Accounts Receivable - Customer and Unbilled Revenue	$ 2	$ 1	$ 1	$ 2

(a) Primarily related to uncollectible accounts receivable written off.
(b) Primarily related to receivables at WKE, which are fully reserved.

(c) Includes $5 million related to Noncurrent Accounts Receivable – Customer included in “Other noncurrent assets” on the PPL and PPL Electric Balance Sheets at June 30, 2021.

Income Taxes

The TCJA included new provisions requiring that certain income, referred to as global intangible low-tax income (GILTI), earned by certain foreign subsidiaries must be included in the gross income of their U.S. shareholder. Accounting guidance allows a 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.

In light of the disposition of PPL's U.K. utility business, indefinite reinvestment is no longer relevant. As such, PPL realized the outside book-tax basis difference in those assets. Accordingly, a current tax liability was recorded reflecting the estimated tax cost associated with the realization of that basis difference.

See Note 6 for additional discussion regarding income taxes.

Asset Impairment (Excluding Investments)

(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) during the three-month period ended June 30, 2021 to record the solar panels at fair value. The loss was recorded to "Other operation and maintenance" expense on the Statements of Income. The remaining solar panel balance of $49 million is included in "Other noncurrent assets" on PPL's Balance Sheet at June 30, 2021.

During the three-month period ended June 30, 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, however, a goodwill impairment charge could occur in future periods if there is a degradation of expected future cash flows or unfavorable movements in discount rates or market multiples used in determining fair value.

3. Segment and Related Information

(PPL)

See Note 2 in PPL's 2020 Form 10-K for a discussion of reportable segments and related information.

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. 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 periods ended June 30 are as follows:

	Three Months		Six Months	
	2021	2020	2021	2020
Operating Revenues from external customers				
Kentucky Regulated	$ 741	$ 700	$ 1,626	$ 1,525
Pennsylvania Regulated	537	554	1,142	1,162
Corporate and Other	10	9	18	16
Total	$ 1,288	$ 1,263	$ 2,786	$ 2,703
Net Income				
Kentucky Regulated (a)	$ 84	$ 74	$ 230	$ 201
Pennsylvania Regulated (a)	96	118	209	236
Corporate and Other (a)(c)(d)	(716)	(39)	(772)	(80)
Discontinued Operations (b)	555	191	(1,488)	541
Total	$ 19	$ 344	$ (1,821)	$ 898

(a) 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 three and six months ended June 30, 2020, corporate level financing costs of $10 million, net of $2 million of income taxes, and $21 million, net of $4 million of income taxes were allocated to the Kentucky Regulated segment. For the three and six months ended June 30, 2020, an immaterial amount of financing costs were allocated to the Pennsylvania Regulated segment.
(b) Includes unrealized gains and losses from hedging foreign currency economic activity. See Note 9 for additional information.
(c) 2021 includes losses from the extinguishment of PPL Capital Funding debt. See Note 8 for additional information.
(d) The amounts for the periods ended June 30, 2020 have been adjusted for certain costs that were previously included in the U.K. Regulated segment.

The following provides Balance Sheet data for the segments and reconciliation to PPL's consolidated Balance Sheets as of:

	June 30, 2021	December 31, 2020
Assets		
Kentucky Regulated	$ 16,282	$ 15,943
Pennsylvania Regulated	13,814	12,347
Corporate and Other (a)	6,663	843
Assets Held for Sale (b)	—	18,983
Total	$ 36,759	$ 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, distribution and transmission, which are aggregated into a single reportable segment. LG&E and KU are individually single operating and reportable segments.

4. Revenue from Contracts with Customers

(All Registrants)

See Note 3 in PPL's 2020 Form 10-K for a discussion of the principal activities from which the Registrants and PPL’s segments generate their revenues.

The following tables reconcile "Operating Revenues" included in each Registrant's Statement of Income with revenues generated from contracts with customers for the periods ended June 30.

	2021 Three Months			
	PPL	PPL Electric	LG&E	KU
Operating Revenues (a)	$ 1,288	$ 537	$ 342	$ 411
Revenues derived from:				
Alternative revenue programs (b)	19	24	(1)	(4)
Other (c)	(5)	—	(2)	(3)
Revenues from Contracts with Customers	$ 1,302	$ 561	$ 339	$ 404

	2020 Three Months			
	PPL	PPL Electric	LG&E	KU
Operating Revenues (a)	$ 1,263	$ 554	$ 322	$ 388
Revenues derived from:				
Alternative revenue programs (b)	(8)	(1)	(1)	(6)
Other (c)	(5)	(1)	(1)	(3)
Revenues from Contracts with Customers	$ 1,250	$ 552	$ 320	$ 379

	2021 Six Months			
	PPL	PPL Electric	LG&E	KU
Operating Revenues (a)	$ 2,786	$ 1,142	$ 770	$ 880
Revenues derived from:				
Alternative revenue programs (b)	43	46	(1)	(2)
Other (c)	(11)	—	(5)	(6)
Revenues from Contracts with Customers	$ 2,818	$ 1,188	$ 764	$ 872

	2020 Six Months			
	PPL	PPL Electric	LG&E	KU
Operating Revenues (a)	$ 2,703	$ 1,162	$ 729	$ 820
Revenues derived from:				
Alternative revenue programs (b)	(11)	(1)	(4)	(6)
Other (c)	(13)	(3)	(4)	(6)
Revenues from Contracts with Customers	$ 2,679	$ 1,158	$ 721	$ 808

(a) PPL Electric represents revenues from external customers reported by the Pennsylvania Regulated segment and LG&E and KU, net of intercompany power sales and transmission revenues, represent revenues from external customers reported by the Kentucky Regulated segment. Kentucky Regulated segment revenues from contracts with customers were $731 million and $1,612 million for the three and six month periods ended June 30, 2021 and $689 million and $1,505 million for the three and six month periods ended June 30, 2020. See Note 3 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 program and gas supply clause incentive mechanism for LG&E, and the generation formula rate for KU. For PPL Electric, the three months and six months ended June 30, 2021 include a $24 million and $51 million reserve recorded as a result of a challenge to the transmission formula rate return on equity. See Note 7 for further 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 lease and other miscellaneous revenues.

The following tables show revenues from contracts with customers disaggregated by customer class for the periods ended June 30.

	2021 Three Months			
	PPL	PPL Electric	LG&E	KU
Residential	$ 567	$ 279	$ 144	$ 144
Commercial	297	83	107	107
Industrial	154	13	43	98
Other (a)	93	13	31	39
Wholesale - municipality	5	—	—	5
Wholesale - other (b)	13	—	14	11
Transmission	173	173	—	—
Revenues from Contracts with Customers	$ 1,302	$ 561	$ 339	$ 404

	2020 Three Months			
	PPL	PPL Electric	LG&E	KU
Residential	$ 583	$ 290	$ 149	$ 144
Commercial	274	74	100	100
Industrial	134	12	38	84
Other (a)	83	12	28	34
Wholesale - municipality	3	—	—	3
Wholesale - other (b)	9	—	5	14
Transmission	164	164	—	—
Revenues from Contracts with Customers	$ 1,250	$ 552	$ 320	$ 379

	2021 Six Months			
	PPL	PPL Electric	LG&E	KU
Residential	$ 1,341	$ 640	$ 349	$ 352
Commercial	610	165	228	217
Industrial	306	25	89	192
Other (a)	184	25	65	76
Wholesale - municipality	11	—	—	11
Wholesale - other (b)	33	—	33	24
Transmission	333	333	—	—
Revenues from Contracts with Customers	$ 2,818	$ 1,188	$ 764	$ 872

	2020 Six Months			
	PPL	PPL Electric	LG&E	KU
Residential	$ 1,297	$ 634	$ 336	$ 327
Commercial	586	155	224	207
Industrial	278	20	83	175
Other (a)	170	26	56	72
Wholesale - municipality	8	—	—	8
Wholesale - other (b)	17	—	22	19
Transmission	323	323	—	—
Revenues from Contracts with Customers	$ 2,679	$ 1,158	$ 721	$ 808

(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 the Kentucky Regulated segment.

As discussed in Note 2 in PPL's 2020 Form 10-K, 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.

Contract receivables from customers are primarily included in "Accounts receivable - Customer", "Unbilled revenues", and "Other noncurrent assets" on the Balance Sheets.

The following table shows the accounts receivable and unbilled revenues balances that were impaired for the periods ended June 30.

	Three Months		Six Months	
	2021	2020	2021	2020
PPL	$ —	$ 6	$ 2	$ 12
PPL Electric	—	5	1	9
LG&E	—	—	—	1
KU	—	1	1	2

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 at December 31, 2020	$ 40	$ 23	$ 5	$ 6
Contract liabilities at June 30, 2021	31	16	5	5
Revenue recognized during the six months ended June 30, 2021 that was included in the contract liability balance at December 31, 2020	24	11	5	6
Contract liabilities at December 31, 2019	$ 37	$ 21	$ 5	$ 4
Contract liabilities at June 30, 2020	30	16	4	5
Revenue recognized during the six months ended June 30, 2020 that was included in the contract liability balance at December 31, 2019	21	9	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 June 30, 2021, PPL had $48 million of performance obligations attributable to Corporate and Other that have not been satisfied. Of this amount, PPL expects to recognize approximately $42 million within the next 12 months.

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 share-based payment awards were converted to common shares as calculated using the Two-Class Method or Treasury Stock Method.

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

	Three Months		Six Months	
	2021	2020	2021	2020
Income (Numerator)				
Income (loss) from continuing operations after income taxes available to PPL common shareowners - Basic and Diluted	$ (536)	$ 153	$ (333)	$ 357
Income (loss) from discontinued operations (net of income taxes) available to PPL common shareowners - Basic and Diluted	$ 555	$ 191	$ (1,488)	$ 541
Net income (loss) available to PPL common shareowners - Basic and Diluted	$ 19	$ 344	$ (1,821)	$ 898
Shares of Common Stock (Denominator)				
Weighted-average shares - Basic EPS	769,466	768,768	769,313	768,358
Add: Dilutive share-based payment awards (a)	—	640	—	715
Weighted-average shares - Diluted EPS	769,466	769,408	769,313	769,073
Basic and Diluted EPS				
Available to PPL common shareowners:				
Income from continuing operations after income taxes	$ (0.69)	$ 0.20	$ (0.44)	$ 0.47
Income (loss) from discontinued operations (net of income taxes)	0.72	0.25	(1.93)	0.70
Net Income (Loss) available to PPL common shareowners	$ 0.03	$ 0.45	$ (2.37)	$ 1.17

(a) All share-based payment awards were excluded from dilutive shares under the Treasury Stock Method for the three and six months ended June 30, 2021, as their effect would have been anti-dilutive due to the loss from continuing operations.

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

	Three Months		Six Months	
	2021	2020	2021	2020
Stock-based compensation plans	137	9	657	607
DRIP	—	509	—	943

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

	Three Months		Six Months	
	2021	2020	2021	2020
Stock-based compensation awards	3,443	1,170	1,838	710

6. Income Taxes

Reconciliations of income tax expense (benefit) for the periods ended June 30 are as follows.

(PPL)

	Three Months		Six Months	
	2021	2020	2021	2020
Federal income tax on Income from Continuing Operations Before Income Taxes at statutory tax rate - 21%	$ (40)	$ 41	$ 15	$ 96
Increase (decrease) due to:				
State income taxes, net of federal income tax benefit (a)	(18)	11	(5)	24
Valuation allowance adjustments (a)	26	6	34	12
Impact of the U.K. Finance Acts on deferred tax balances (b)	383	(2)	383	(3)
Depreciation and other items not normalized	(2)	(2)	(4)	(4)
Amortization of excess deferred federal and state income taxes	(8)	(12)	(20)	(23)
Other	4	(2)	1	(1)
Total increase (decrease)	385	(1)	389	5
Total income tax expense (benefit)	$ 345	$ 40	$ 404	$ 101

(a) In June 2021, PPL recorded a $25 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. Finance Act 2021, formally enacted on June 10, 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.

PL Electric)

	Three Months		Six Months	
	2021	2020	2021	2020
leral income tax on Income Before Income Taxes at statutory tax rate - 21%	$ 27	$ 33	$ 59	$ 67
rease (decrease) due to:				
State income taxes, net of federal income tax benefit	10	12	22	25
Depreciation and other items not normalized	(2)	(2)	(4)	(4)
Amortization of excess deferred federal and state income taxes	(3)	(5)	(6)	(8)
Other	2	2	—	1
Total increase (decrease)	7	7	12	14
al income tax expense (benefit)	$ 34	$ 40	$ 71	$ 81

G&E)

		Three Months		Six Months	
		2021	2020	2021	2020
leral income tax on Income Before Income Taxes at statutory tax rate - 21%	$	12	12	32	32
rease (decrease) due to:					
State income taxes, net of federal income tax benefit		2	2	6	6
Amortization of excess deferred federal and state income taxes		(3)	(2)	(6)	(5)
Other		1	—	(1)	(2)
Total increase (decrease)		—	—	(1)	(1)
al income tax expense (benefit)	$	12	12	31	31

U)

		Three Months		Six Months	
		2021	2020	2021	2020
leral income tax on Income Before Income Taxes at statutory tax rate - 21%	$	15	13	37	34
rease (decrease) due to:					
State income taxes, net of federal income tax benefit		3	3	7	6
Amortization of excess deferred federal and state income taxes		(4)	(4)	(8)	(8)
Other		(1)	(1)	(2)	(1)
Total increase (decrease)		(2)	(2)	(3)	(3)
al income tax expense (benefit)	$	13	11	34	31

Other

Net Operating Loss and Tax Credit Carryforwards (All Registrants)

PPL utilized its remaining federal net operating losses of $1,111 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.

7. Utility Rate Regulation

(All Registrants)

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

	PPL		PPL Electric	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Current Regulatory Assets:				
Plant outage costs	$ —	$ 46	$ —	$ —
Gas supply clause	11	4	—	—
Smart meter rider	20	17	20	17
Transmission formula rate	21	15	21	15
Gas line tracker	7	4	—	—
Storm costs	4	7	4	7
Generation formula rate	3	2	—	—
Other	3	4	—	1
Total current regulatory assets	$ 69	$ 99	$ 45	$ 40
Noncurrent Regulatory Assets:				
Defined benefit plans	$ 550	$ 570	$ 283	$ 290
Storm costs	12	17	—	—
Unamortized loss on debt	26	30	5	8
Interest rate swaps	20	23	—	—
Terminated interest rate swaps	73	75	—	—
Accumulated cost of removal of utility plant	234	240	234	240
AROs	307	300	—	—
Plant outage costs	57	—	—	—
Other	2	7	—	3
Total noncurrent regulatory assets	$ 1,281	$ 1,262	$ 522	$ 541

	PPL		PPL Electric	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Current Regulatory Liabilities:				
Generation supply charge	$ 17	$ 21	$ 17	$ 21
Transmission service charge	27	1	27	1
Environmental cost recovery	4	4	—	—
Universal service rider	15	22	15	22
Fuel adjustment clause	5	5	—	—
TCJA customer refund	17	11	17	11
Storm damage expense rider	6	6	6	6
Act 129 compliance rider	5	7	5	7
Economic relief billing credit (b)	50	—	—	—
Challenge to transmission formula rate return on equity reserve (a)	51	—	51	—
Other	1	2	—	—
Total current regulatory liabilities	$ 198	$ 79	$ 138	$ 68
Noncurrent Regulatory Liabilities:				
Accumulated cost of removal of utility plant	$ 671	$ 653	$ —	$ —
Power purchase agreement - OVEC	39	43	—	—
Net deferred taxes	1,624	1,690	545	560
Defined benefit plans	68	60	23	18
Terminated interest rate swaps	64	66	—	—
Other	2	18	—	—
Total noncurrent regulatory liabilities	$ 2,468	$ 2,530	$ 568	$ 578

	LG&E		KU	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Current Regulatory Assets:				
Gas supply clause	$ 11	$ 4	$ —	$ —
Gas line tracker	7	4	—	—
Plant outage costs	—	12	—	34
Generation formula rate	—	—	3	2
Other	3	3	—	—
Total current regulatory assets	$ 21	$ 23	$ 3	$ 36
Noncurrent Regulatory Assets:				
Defined benefit plans	$ 167	$ 174	$ 100	$ 106
Storm costs	8	11	4	6
Unamortized loss on debt	13	13	8	9
Interest rate swaps	20	23	—	—
Terminated interest rate swaps	43	44	30	31
AROs	86	85	221	215
Plant outage costs	16	—	41	—
Other	1	1	1	3
Total noncurrent regulatory assets	$ 354	$ 351	$ 405	$ 370

	LG&E		KU	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Current Regulatory Liabilities:				
Environmental cost recovery	$ 1	$ —	$ 3	$ 4
Fuel adjustment clause	1	—	4	5
Economic relief billing credit (b)	39	—	11	—
Other	—	—	1	2
Total current regulatory liabilities	$ 41	$ —	$ 19	$ 11
Noncurrent Regulatory Liabilities:				
Accumulated cost of removal of utility plant	$ 282	$ 274	$ 389	$ 379
Power purchase agreement - OVEC	27	30	12	13
Net deferred taxes	498	528	581	602
Defined benefit plans	1	—	45	42
Terminated interest rate swaps	32	33	32	33
Other	—	17	1	1
Total noncurrent regulatory liabilities	$ 840	$ 882	$ 1,060	$ 1,070

(a) See “Regulatory Matters - Federal Matters - Challenge to PPL Electric Transmission Formula Rate Return on Equity” below for further information.
(b) 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 "Rate Case Proceedings" below for additional information.

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 would be 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. The agreement proposed increases in annual revenues of $217 million ($77 million and $116 million in electricity revenues at LG&E and KU and $24 million in gas revenues at LG&E) based on an authorized return on equity of 9.55%. The proposal included an authorized 9.35% return on equity for the ECR and GLT mechanisms. The agreement did not modify the requested one-year billing credit. The agreement proposed that the KPSC should grant LG&E's and KU's request for a CPCN to deploy Advanced Metering Infrastructure and proposed the establishment of a Retired Asset Recovery rider (RAR) 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, the agreement proposed that LG&E and KU will continue to use currently approved depreciation rates for Mill Creek Units 1 and 2 and Brown Unit 3. The agreement also proposed 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 June 30, 2021, the KPSC issued orders approving the proposed agreement filed in April 2021, with certain modifications. The orders provide for increases in annual revenues of $199 million ($73 million and $106 million in electricity revenues at LG&E and KU and $20 million in gas revenues at LG&E) based on an authorized return on equity of 9.425%. The order grants the requested authorized 9.35% return on equity for the ECR and GLT mechanisms and does not modify the requested one-year billing credit. The orders approve 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 approve the establishment of the RAR rider and accepted the four-year "stay-out". The orders, however, disallowed certain legal costs that were included in the settlement. An order on the remaining net metering issues is expected by the end of September 2021. On July 23, 2021, LG&E and KU filed motions for partial rehearing and clarification of the return on equity, the disallowed legal costs and certain other matters related to the KPSC's orders. PPL, LG&E and KU cannot predict the outcome of the motions for partial rehearing and clarification or the remaining net metering issues.

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 (Phase IV Act 129 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.

Federal Matters

Challenge to 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 is unjust and unreasonable, and proposing an alternative ROE of 8.0% based on its interpretation of FERC Opinion No. 569. However, also on May 21, 2020, the FERC issued Opinion No. 569-A in response to numerous requests for rehearing of Opinion No. 569, which revised the method for analyzing base ROE. On June 10, 2020, PPLICA filed a Motion to Supplement the May 21, 2020 complaint in which PPLICA continued to allege that PPL Electric’s base ROE is unjust and unreasonable, but revised its analysis of PPL Electric's base ROE to reflect the guidance provided in Opinion No. 569-A. The amended complaint proposed an updated alternative ROE of 8.5% and also requested that the FERC preserve the original refund effective date as established by the filing of the original complaint on May 21, 2020. Several parties filed motions to intervene, including one party who filed Comments in Support of the original complaint.

On July 10, 2020, PPL Electric filed its Answer and supporting Testimony to the PPLICA filings arguing that the FERC should deny the original and amended complaints as they are without merit and fail to demonstrate the existing base ROE is unjust and unreasonable. In addition, PPL Electric contended any refund effective date should be set for no earlier than June 10, 2020 and PPLICA's proposed replacement ROE should be rejected.

On October 15, 2020, the FERC issued an order on the PPLICA complaints which established hearing and settlement procedures, set a refund effective date of May 21, 2020 and granted the motions to intervene. On November 16, 2020, PPL Electric filed a request for rehearing of the portion of the October 15, 2020 Order that set the May 21, 2020 refund effective date. On December 17, 2020, the FERC issued a Notice of Denial of Rehearing by Operation of Law and Providing for Further Consideration. On February 16 and April 19, 2021, PPL Electric filed Petitions for Review with the United States Court of Appeals for the District of Columbia Circuit of the portion of the October 15, 2020 Order that set the May 21, 2020 refund effective date.

In the three and six months ended June 30, 2021, PPL Electric recorded a revenue reserve of $17 million and $36 million after-tax representing revenue subject to refund for the period May 21, 2020 through June 30, 2021. Of these amounts, $7 million for the three months ended June 30, 2021 and $20 million for the six months ended June 30, 2021, relates to the period from May 21, 2020 to December 31, 2020.

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. Due to the development of robust, accessible energy markets over time, LG&E and KU believe the mitigation commitments are no longer relevant or appropriate. In March 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, subject to FERC review and approval. In July 2019, LG&E and KU proposed their transition mechanism to the FERC and in September 2019, the FERC rejected the proposed transition mechanism. In September 2020, the FERC issued orders in the rehearing process that modified various aspects of the September 2019 orders which had approved future termination of the credits, including adjusting which customer arrangements are covered by the transition mechanism and respective future periods or dates for termination of credits. In November 2020, the FERC denied the parties' rehearing requests. In November 2020 and January 2021, LG&E and KU and other parties appealed the September 2020 and November 2020 orders at the D.C. Circuit Court of Appeals. The appellate proceedings are continuing, and also include certain additional prior pending petitions for review relating to the matter. On January 15, 2021, LG&E and KU made a filing seeking FERC acceptance of a new proposal for a transition mechanism. On March 16, 2021, the FERC accepted the filed transition mechanism agreements effective on March 17, 2021 but subject to refund, and established hearing and settlement procedures. 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 the three and six months ended June 30, 2021, PPL Electric purchased $250 million and $574 million of accounts receivable from alternative suppliers. During the three and six months ended June 30, 2020, PPL Electric purchased $240 million and $551 million 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 act as a backstop to commercial paper programs. For reporting purposes, on a consolidated basis, PPL's arrangements listed below include the credit facilities and commercial paper programs of PPL Electric, LG&E and KU. 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:

	June 30, 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	Jan. 2024	$ 1,450	$ —	$ —	$ 1,450	$ —	$ 402
Bilateral Credit Facility	Mar. 2022	50	—	—	50	—	—
Bilateral Credit Facility	Mar. 2022	50	—	15	35	—	15
Term Loan Credit Facility	Mar. 2022	—	—	—	—	100	—
Term Loan Credit Facility	Mar. 2021	—	—	—	—	100	—
Term Loan Credit Facility	Mar. 2021	—	—	—	—	200	—
Total PPL Capital Funding Credit Facilities		$ 1,550	$ —	$ 15	$ 1,535	$ 400	$ 417
PPL Electric							
Syndicated Credit Facility	Jan. 2024	$ 650	$ —	$ 1	$ 649	$ —	$ 1
LG&E							
Syndicated Credit Facility	Jan. 2024	$ 500	$ —	$ —	$ 500	$ —	$ 262
KU							
Syndicated Credit Facility	Jan. 2024	$ 400	$ —	$ —	$ 400	$ —	$ 203

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:

	June 30, 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)		425	—	425	0.28%	262
KU		350	—	350	0.28%	203
Total		$ 2,925	$ —	$ 2,925		$ 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 12 for discussion of intercompany borrowings.

Long-term Debt

(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. There was no loss on the redemption of these notes.

In July 2021, LKE redeemed at par the $250 million 4.375% Senior Notes due 2021.

(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, as permitted under loan documents. 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, as permitted under loan documents. The bonds mature on June 1, 2033.

(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.

(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)

Equity Securities

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 six months ended June 30, 2021. The ATM program expired in February 2021.

Distributions

In May 2021, PPL declared a quarterly common stock dividend, payable July 1, 2021, of 41.5 cents per share (equivalent to $1.66 per annum). Future dividends, declared at the discretion of the Board of Directors, will depend upon future earnings, cash flows, financial and legal requirements and other factors.

9. Acquisitions, Development and Divestitures

(PPL)

Discontinued Operations

Share Purchase Agreement to Sell U.K. Utility Business

On March 17, 2021, PPL WPD Limited (WPD Limited) entered into a share purchase agreement (the 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 are 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 11 for additional information. PPL 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.

	Six Months
	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 periods ended June 30:

	Three Months		Six Months	
	2021	2020	2021	2020
Operating Revenues	$ 710	$ 476	$ 1,344	$ 1,090
Operating Expenses	214	228	466	449
Other Income (Expense) - net	136	66	202	196
Interest Expense (a)	116	89	209	183
Income before income taxes	516	225	871	654
Gain (Loss) on sale	38	—	(1,609)	—
Income tax expense (b)	(1)	34	750	113
Income (Loss) from Discontinued Operations (net of income taxes)	$ 555	$ 191	$ (1,488)	$ 541

(a) No interest from corporate level debt was allocated to discontinued operations.

(b) The six month period ended June 30, 2021 primarily includes a federal tax expense of $647 million for the recognition of the tax cost associated with the realization of the book-tax outside basis difference in PPL's investment in the U.K. utility business and foreign tax expense of $166 million on current year 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 are 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 were 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, which is currently expected to occur by March 2022, 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, 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. The Massachusetts Department of Public Utilities granted a waiver of jurisdiction with respect to the acquisition on July 16, 2021. The regulatory approvals and waiver remain subject to any applicable appeal periods.

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. Defined Benefits

(PPL)

Certain net periodic defined benefit costs are applied to accounts that are further distributed among capital, expense, regulatory assets and regulatory liabilities, including certain costs allocated to applicable subsidiaries for plans sponsored by PPL Services and LKE. Following are the net periodic defined benefit costs (credits) of the plans sponsored by PPL and its subsidiaries for the periods ended June 30:

	Pension Benefits							
	Three Months				Six Months			
	U.S.		U.K. (a)		U.S.		U.K. (a)	
	2021	2020	2021	2020	2021	2020	2021	2020
PPL								
Service cost	$ 15	$ 15	$ 31	$ 21	$ 28	$ 28	$ 56	$ 44
Interest cost	29	36	33	35	61	74	62	71
Expected return on plan assets	(66)	(63)	(207)	(151)	(127)	(123)	(384)	(309)
Amortization of:								
Prior service cost	2	2	—	—	4	4	—	—
Actuarial loss	24	24	62	52	49	44	116	106
Net periodic defined benefit costs (credits)	$ 4	$ 14	$ (81)	$ (43)	$ 15	$ 27	$ (150)	$ (88)

(a) U.K. amounts are reflected in discontinued operations as the sale of the U.K. utility business was completed on June 14, 2021. See Note 9 for additional information on the sale of the U.K. utility business.

	Other Postretirement Benefits			
	Three Months		Six Months	
	2021	2020	2021	2020
L				
vice cost	$ $1	$1	$3	3
erest cost	4	5	8	10
pected return on plan assets	(7)	(6)	(12)	(11)
ortization of:				
rior service cost	1	1	1	1
periodic defined benefit costs	$ $(1)	$1	$—	3

(PPL Electric, LG&E and KU)

PPL Electric is allocated costs of defined benefit plans sponsored by PPL Services and LG&E and KU are allocated costs of defined benefit plans sponsored by LKE. LG&E and KU are also allocated costs of defined benefit plans from LKS for defined benefit plans sponsored by LKE. See Note 12 for additional information on costs allocated to LG&E and KU from LKS. These allocations are based on participation in those plans, which management believes are reasonable. For the periods ended June 30, PPL Services allocated the following net periodic defined benefit costs to PPL Electric, and LKE allocated the following net periodic defined benefit costs to LG&E and KU:

	Three Months		Six Months	
	2021	2020	2021	2020
PPL Electric	$ 2	$ 3	$ 2	$ 6
LG&E	(2)	2	1	5
KU	(2)	—	(1)	1

(All Registrants)

The non-service cost components of net periodic defined benefit costs (credits) (interest cost, expected return on plan assets, amortization of prior service cost and amortization of actuarial gain and loss) are presented in "Other Income (Expense) - net" on the Statements of Income. See Note 13 for additional information.

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

The pension plans of WPD are subject to formal actuarial valuations every three years, which are used to determine funding requirements. Contribution requirements were evaluated in accordance with the valuation performed as of March 31, 2019. Prior to the sale of the U.K. utility business, which was completed on June 14, 2021, WPD made contributions to its pension plans of $124 million in 2021. See Note 9 for additional information on the sale. WPD is currently permitted to recover in current revenues approximately 78% of its pension funding requirements for its primary pension plans.

11. Commitments and Contingencies

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.

Talen Litigation *(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 a 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 Talen's 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 a trial has been scheduled for February 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.

(PPL and LG&E)

Cane Run Environmental Claims

In December 2013, six residents, on behalf of themselves and others similarly situated, filed a class action complaint against LG&E and PPL in the U.S. District Court for the Western District of Kentucky (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 seek 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 will be remanded to the Jefferson Circuit Court for the claims of the three remaining petitioners to be heard on an individual basis. PPL and LG&E cannot predict the ultimate outcome of the remaining proceedings, but do not anticipate this matter will have a significant impact on operations or financial condition.

(PPL and KU)

E.W. Brown Environmental Claims

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 November 2018, the U.S. Court of Appeals for the Sixth Circuit denied KU's petition for rehearing regarding the RCRA claims. In January 2019, KU filed an answer to plaintiffs' complaint in the U.S. District Court. Discovery is complete and the parties' filed motions for partial summary judgment. In December 2020, the U.S. District Court delayed the trial scheduled for February 2, 2021 indefinitely due to pandemic considerations. 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. The parties are conducting certain settlement discussions. PPL and KU cannot predict the outcome of these matters and an estimate or range of possible losses cannot be determined.

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. PPL and KU are currently performing an evaluation addressing whether additional remedial measures will be required at the E.W. Brown plant.

Air

Sulfuric Acid Mist Emissions (PPL and LG&E)

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 June 2021, the U.S. District Court approved the parties' request for a three-month stay in connection with settlement discussions occurring among the parties. PPL and LG&E are unable to predict the outcome of this matter but do not believe the matter 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 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.

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 unable to predict the outcome of the ongoing litigation and rulemaking 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. The Kentucky Energy and Environmental Cabinet has announced it intends to propose new state rules aimed at addressing procedural deficiencies identified by the court and providing the regulatory framework necessary for operation of the state program in lieu of the federal CCR Rule. 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 16 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 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.

As of June 30, 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 estimate a range of possible losses, if any, related to these matters.

Regulatory Issues

(*All Registrants)*

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. PPL and LG&E are currently evaluating the impact of the security directives. The impact on operations or an estimate or range of possible costs cannot be determined.

Other

Labor Union Agreements

(PPL and PPL Electric)

For PPL and PPL Electric, labor agreement negotiations with the IBEW are expected to commence in the second half of 2021. The current five-year agreement expires in May 2022.

(KU)

KU has 70 employees that are represented by the IBEW labor union. On August 1, 2021, KU and the IBEW ratified a three-year labor agreement through August 2024. The terms of the new labor agreement are not expected to have a significant impact on the financial results of KU.

Guarantees and Other Assurances

(All Registrants)

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

(PPL)

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

(All Registrants)

The table below details guarantees provided as of June 30, 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, amounts for PPL on a consolidated basis include guarantees of PPL Electric, LG&E and KU.

	Exposure at June 30, 2021	Expiration Date
PPL		
Indemnifications related to the sale of the U.K. utility business	£ 7,881 (a)	2021
Indemnifications related to certain tax liabilities related to the sale of the U.K. utility business	£ 50 (b)	2028
LKE indemnification of WKE lease termination and other divestitures	$ 200 (c)	2021
LG&E and KU		
LG&E and KU obligation of shortfall related to OVEC	(d)	

(a) PPL WPD Limited agreed to provide a standard indemnity regarding "leakage" amounts, which includes 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 is the amount paid to PPL WPD Limited at closing.

(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) LKE provides certain indemnifications covering the due and punctual payment, performance and discharge by each party of its respective obligations. The most comprehensive of these guarantees is the LKE guarantee covering operational, regulatory and environmental commitments and indemnifications made by WKE under a 2009 Transaction Termination Agreement. This guarantee has a term of 12 years ending July 2021, and a maximum exposure of $200 million exclusive of certain items such as qualifying open claims, if any, or government fines and penalties that may survive the expiration or exceed the maximum, respectively. Additionally, LKE has indemnified various third parties related to historical obligations for other divested subsidiaries and affiliates. The indemnifications vary by entity and the maximum exposures range from being capped at the sale price to no specified maximum. LKE could be required to perform on these indemnifications in the event of covered losses or liabilities being claimed by an indemnified party. PPL cannot predict the ultimate outcomes of the various indemnification scenarios, but does not expect such outcomes to result in significant losses.
(d) 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 $97 million at June 30, 2021, consisting of LG&E's share of $67 million and KU's share of $30 million. The maximum exposure and the expiration date of these potential obligations are not presently determinable. See "Energy Purchase Commitments" in Note 11 in PPL's, LG&E's and KU's 2020 Form 10-K 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 and markets. 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 included quarantines, stay-at-home orders, travel restrictions, reduced operations or closures of businesses, schools and governmental agencies, and legislative or regulatory actions to address health or other pandemic-related concerns. Many restrictions that had been imposed are in the process of being lifted but may be reenacted if there is a resurgence of infections. 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.

12. Related Party Transactions

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

PPL Services, PPL EU Services and LKS provide the Registrants, their respective subsidiaries 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 periods ended June 30, 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.

	Three Months		Six Months	
	2021	2020	2021	2020
PPL Electric from PPL Services	$ 11	$ 14	$ 21	$ 26
PPL Electric from PPL EU Services	49	41	99	82
LG&E from LKS	44	44	86	82
KU from LKS	45	46	89	87

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 June 30, 2021, PPL Energy Funding had borrowings outstanding in the amount of $1,075 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 and KU)

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 June 30, 2021, LG&E had borrowings outstanding from LKE in the amount of $282 million. This balance is reflected in "Notes payable to affiliates" on the LG&E balance sheets. No balances were outstanding December 31, 2020.

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 June 30, 2021, KU had borrowings outstanding from LKE in the amount of $226 million. This balance is reflected in "Notes payable to 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 PPL Electric's 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 $17 million as of June 30, 2021, of which $10 million was reflected in "Accounts receivable from affiliates" and $7 million was reflected in "Other noncurrent assets" on the PPL Electric Balance Sheet. 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 PPL Electric balance sheets.

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

See Note 10 for discussions regarding intercompany allocations associated with defined benefits.

13. Other Income (Expense) - net

(PPL)

The details of "Other Income (Expense) - net" for the periods ended June 30, were:

	Three Months		Six Months	
	2021	2020	2021	2020
Other Income				
Defined benefit plans - non-service credits (Note 10)	$ 8	$ 2	$ 12	$ 3
Interest Income	4	1	4	1
AFUDC - equity component	5	5	9	8
Miscellaneous	5	1	5	2
Total Other Income	22	9	30	14
Other Expense				
Charitable contributions	1	1	2	2
Miscellaneous	8	(2)	15	7
Total Other Expense	9	(1)	17	9
Other Income (Expense) - net	$ 13	$ 10	$ 13	$ 5

14. 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 in each Registrant's 2020 Form 10-K for information on the levels in the fair value hierarchy.

Recurring Fair Value Measurements

The assets and liabilities measured at fair value were:

	June 30, 2021				December 31, 2020			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
PPL								
Assets								
Cash and cash equivalents	$ 7,629	$ 7,629	$ —	$ —	$ 442	$ 442	$ —	$ —
Restricted cash and cash equivalents (a)	1	1	—	—	1	1	—	—

	June 30, 2021				December 31, 2020			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Special use funds (a):								
Money market fund	1	1	—	—	—	—	—	—
Commingled debt fund measured at NAV (b)	24	—	—	—	26	—	—	—
Commingled equity fund measured at NAV (b)	24	—	—	—	25	—	—	—
Total special use funds	49	1	—	—	51	—	—	—
Total assets	$ 7,679	$ 7,631	$ —	$ —	$ 494	$ 443	$ —	$ —
Liabilities								
Price risk management liabilities (c):								
Interest rate swaps	$ 20	$ —	$ 20	$ —	$ 23	$ —	$ 23	$ —
Total price risk management liabilities	$ 20	$ —	$ 20	$ —	$ 23	$ —	$ 23	$ —
PPL Electric								
Assets								
Cash and cash equivalents	$ 58	$ 58	$ —	$ —	$ 40	$ 40	$ —	$ —
Total assets	$ 58	$ 58	$ —	$ —	$ 40	$ 40	$ —	$ —
LG&E								
Assets								
Cash and cash equivalents	$ 4	$ 4	$ —	$ —	$ 7	$ 7	$ —	$ —
Total assets	$ 4	$ 4	$ —	$ —	$ 7	$ 7	$ —	$ —
Liabilities								
Price risk management liabilities:								
Interest rate swaps	$ 20	$ —	$ 20	$ —	$ 23	$ —	$ 23	$ —
Total price risk management liabilities	$ 20	$ —	$ 20	$ —	$ 23	$ —	$ 23	$ —
KU								
Assets								
Cash and cash equivalents	$ 7	$ 7	$ —	$ —	$ 22	$ 22	$ —	$ —
Total assets	$ 7	$ 7	$ —	$ —	$ 22	$ 22	$ —	$ —

(a) Included in "Other current 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 Balance Sheets.
(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 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. The funds are invested primarily in commingled debt and equity funds measured at NAV and are classified as investments in equity securities. Changes in fair value of the funds are recorded to the Statements 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 used 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.

	June 30, 2021		December 31, 2020	
	Carrying Amount (a)	Fair Value	Carrying Amount (a)	Fair Value
PPL	$ 13,295	$ 15,393	$ 14,689	$ 17,774
PPL Electric	4,885	5,732	4,236	5,338
LG&E	2,006	2,394	2,007	2,499
KU	2,618	3,160	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.

15. 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. Until 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)

- Prior to the sale of the U.K. utility business on June 14, 2021, 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.

- Prior to the sale of the U.K. utility business on June 14, 2021, WPD was exposed to volumetric risk which was significantly mitigated as a result of the method of regulation in the U.K. Under the RIIO-ED1 price control regulations, recovery of such exposure occurs on a two year lag. See Note 1 in PPL's 2020 Form 10-K for additional information on revenue recognition under RIIO-ED1.
- 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 at 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.
- PPL is exposed to equity securities price risk from future stock sales and/or purchases.

Credit Risk

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

PPL is exposed to credit risk from "in-the-money" interest rate derivatives with financial institutions, 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 June 30, 2021 and December 31, 2020.

PPL had no obligation to post cash collateral under master netting arrangements at June 30, 2021 and December 31, 2020.

LG&E and KU had no obligation to return cash collateral under master netting arrangements at June 30, 2021 and December 31, 2020.

LG&E and KU had no obligation to post cash collateral under master netting arrangements at June 30, 2021 and December 31, 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 June 30, 2021.

As of June 30, 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 the three and six months ended June 30, 2021 and 2020, PPL had no cash flow hedges reclassified into earnings associated with discontinued cash flow hedges.

At June 30, 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 June 30, 2021, LG&E held contracts with a notional amount of $64 million that mature in 2033.

Foreign Currency Risk *(PPL)*

Prior to the sale of the U.K. utility business on June 14, 2021, PPL was exposed to foreign currency risk, primarily through investments in and earnings of U.K. affiliates. PPL had 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

Prior to the sale of the U.K. utility business on June 14, 2021, 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 June 30, 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

Prior to the sale of the U.K. utility business on June 14, 2021, PPL entered into foreign currency contracts on behalf of a subsidiary to economically hedge GBP-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 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 June 30, 2021 and December 31, 2020.

See Note 1 in each Registrant's 2020 Form 10-K 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.

	June 30, 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:								
Interest rate swaps (a) (b)	$ —	$ —	$ —	$ 2	$ —	$ —	$ —	$ 2
Cross-currency swaps (c)	—	—	—	—	94	—	—	—
Foreign currency contracts (c)	—	—	—	—	—	—	—	137
Total current	—	—	—	2	94	—	—	139
Noncurrent:								
Price Risk Management								
Assets/Liabilities:								
Interest rate swaps (a) (b)	—	—	—	18	—	—	—	21
Cross-currency swaps (c)	—	—	—	—	52	—	—	—
Total noncurrent	—	—	—	18	52	—	—	21
Total derivatives	$ —	$ —	$ —	$ 20	$ 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 Sheets.

The following tables present the pre-tax effect of derivative instruments recognized in income, OCI or regulatory assets and regulatory liabilities for the period ended June 30, 2021.

	Three Months	Six Months		Three Months	Six Months
Derivative Relationships	Derivative Gain (Loss) Recognized in OCI	Derivative Gain (Loss) Recognized in OCI	Location of Gain (Loss) Recognized in Income on Derivative	Gain (Loss) Reclassified from AOCI into Income	Gain (Loss) Reclassified from AOCI into Income
Cash Flow Hedges:					
Interest rate swaps	$ —	$ —	Interest expense	$ 14	$ 13
			Income (Loss) from Discontinued Operations (net of taxes)	(1)	(2)
Cross-currency swaps	(4)	(50)	Income (Loss) from Discontinued Operations (net of taxes)	(2)	(39)
Total	$ (4)	$ (50)		$ 11	$ (28)

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Three Months	Six Months
Foreign currency contracts	Income (Loss) from Discontinued Operations (net of taxes)	$ (241)	$ (266)
Interest rate swaps	Interest expense	(1)	(2)
	Total	$ (242)	$ (268)

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized as Regulatory Liabilities/Assets	Three Months	Six Months
Interest rate swaps	Regulatory assets - noncurrent	$ (3)	$ 3

The following tables present the pre-tax effect of derivative instruments recognized in income, OCI or regulatory assets and regulatory liabilities for the period ended June 30, 2020.

Derivative Relationships	Three Months Derivative Gain (Loss) Recognized in OCI	Six Months Derivative Gain (Loss) Recognized in OCI	Location of Gain (Loss) Recognized in Income on Derivative	Three Months Gain (Loss) Reclassified from AOCI into Income	Six Months Gain (Loss) Reclassified from AOCI into Income
Cash Flow Hedges:					
Interest rate swaps	$ (5)	$ (10)	Interest expense	$ (2)	$ (4)
			Income (Loss) from Discontinued Operations (net of taxes)	—	(1)
Cross-currency swaps	39	54	Income (Loss) from Discontinued Operations (net of taxes)	26	32
Total	$ 34	$ 44		$ 24	$ 27

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Three Months	Six Months
Foreign currency contracts	Income (Loss) from Discontinued operations (net of taxes)	$ 1	$ 63
Interest rate swaps	Interest expense	(2)	(3)
	Total	$ (1)	$ 60

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized as Regulatory Liabilities/Assets	Three Months	Six Months
Interest rate swaps	Regulatory assets - noncurrent	$ 1	$ (7)

The following table presents the effect of cash flow hedge activity on the Statement of Income for the period ended June 30, 2021.

	Location and Amount of Gain (Loss) Recognized in Income on Hedging Relationships			
	Three Months		Six Months	
	Interest Expense	Income (Loss) from Discontinued Operations (net of income taxes)	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	$ 474	$ 555	$ 627	$ (1,488)
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	14	(1)	13	(2)
Cross-currency swaps:				
Hedged items	—	2	—	39
Amount of gain (loss) reclassified from AOCI to Income	—	(2)	—	(39)

The following table presents the effect of cash flow hedge activity on the Statement of Income for the period ended June 30, 2020.

	Location and Amount of Gain (Loss) Recognized in Income on Hedging Relationships			
	Three Months		Six Months	
	Interest Expense	Income (Loss) from Discontinued Operations (net of taxes)	Interest Expense	Income (Loss) from Discontinued Operations (net of taxes)
Total income and expense line items presented in the income statement in which the effect of cash flow hedges are recorded	$ 164	$ 191	$ 318	$ 541
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	(2)	—	(4)	(1)
Cross-currency swaps:				
Hedged items	—	(26)	—	(32)
Amount of gain (loss) reclassified from AOCI to Income	—	26	—	32

(LG&E)

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

	June 30, 2021		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Current:				
Price Risk Management				
Assets/Liabilities:				
Interest rate swaps	$ —	$ 2	$ —	$ 2
Total current	—	2	—	2
Noncurrent:				
Price Risk Management				
Assets/Liabilities:				
Interest rate swaps	—	18	—	21
Total noncurrent	—	18	—	21
Total derivatives	$ —	$ 20	$ —	$ 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 for the period ended June 30, 2021.

Derivative Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Three Months	Six Months
Interest rate swaps	Interest expense	$ (1)	$ (2)

Derivative Instruments	Location of Gain (Loss) Recognized in Regulatory Assets	Three Months	Six Months
Interest rate swaps	Regulatory assets - noncurrent	$ (3)	$ 3

The following tables present the pre-tax effect of derivatives not designated as cash flow hedges that are recognized in income or regulatory assets for the period ended June 30, 2020.

Derivative Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Three Months	Six Months
Interest rate swaps	Interest expense	$ (2)	$ (3)

Derivative Instruments	Location of Gain (Loss) Recognized in Regulatory Assets	Three Months	Six Months
Interest rate swaps	Regulatory assets - noncurrent	$ 1	$ (7)

(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
June 30, 2021								
Treasury Derivatives								
PPL	$ —	$ —	$ —	$ —	$ 20	$ —	$ —	$ 20
LG&E	—	—	—	—	20	—	—	20

	Assets				Liabilities			
		Eligible for Offset				Eligible for Offset		
	Gross	Derivative Instruments	Cash Collateral Received	Net	Gross	Derivative Instruments	Cash Collateral Pledged	Net
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 June 30, 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.

16. Asset Retirement Obligations

(PPL, LG&E and KU)

PPL's, LG&E's and KU's ARO liabilities are primarily related to CCR closure costs. See Note 11 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. ARO regulatory assets associated with certain CCR projects are amortized to expense in accordance with regulatory approvals. For other AROs, at the time of retirement, the related ARO regulatory asset is offset against the associated cost of removal regulatory liability, PP&E and ARO liability.

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

	PPL	LG&E	KU
Balance at December 31, 2020	$ 182	$ 67	$ 115
Accretion	8	3	5
Changes in estimated timing or cost	15	5	10
Obligations settled	(33)	(15)	(18)
Balance at June 30, 2021	$ 172	$ 60	$ 112

17. Accumulated Other Comprehensive Income (Loss)

(PPL)

The after-tax changes in AOCI by component for the periods ended June 30 were as follows.

	Foreign currency translation adjustments	Unrealized gains (losses) on qualifying derivatives	Defined benefit plans: Prior service costs	Defined benefit plans: Actuarial gain (loss)	Total
PPL					
March 31, 2021	$ (855)	$ (5)	$ (16)	$ (3,006)	$ (3,882)
Amounts arising during the period	69	(9)	—	(6)	54
Reclassifications from AOCI	—	(1)	(7)	67	59
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 period	855	5	1	2,830	3,691
June 30, 2021	$ —	$ —	$ (15)	$ (176)	$ (191)
December 31, 2020	$ (1,158)	$ —	$ (16)	$ (3,046)	$ (4,220)
Amounts arising during the period	372	(39)	—	(6)	327
Reclassifications from AOCI	—	24	(7)	107	124
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 period	1,158	—	1	2,870	4,029
June 30, 2021	$ —	$ —	$ (15)	$ (176)	$ (191)
March 31, 2020	$ (1,486)	$ —	$ (17)	$ (2,863)	$ (4,366)
Amounts arising during the period	(291)	28	—	(1)	(264)
Reclassifications from AOCI	—	(20)	1	47	28
Net OCI during the period	(291)	8	1	46	(236)
June 30, 2020	$ (1,777)	$ 8	$ (16)	$ (2,817)	$ (4,602)

	Foreign currency translation adjustments	Unrealized gains (losses) on qualifying derivatives	Defined benefit plans: Prior service costs	Defined benefit plans: Actuarial gain (loss)	Total
December 31, 2019	$ (1,425)	$ (5)	$ (18)	$ (2,910)	$ (4,358)
Amounts arising during the period	(352)	36	—	(1)	(317)
Reclassifications from AOCI	—	(23)	2	94	73
Net OCI during the period	(352)	13	2	93	(244)
June 30, 2020	$ (1,777)	$ 8	$ (16)	$ (2,817)	$ (4,602)

The following table presents PPL's gains (losses) and related income taxes for reclassifications from AOCI for the periods ended June 30.

Details about AOCI	Three Months 2021	Three Months 2020	Six Months 2021	Six Months 2020	Affected Line Item on the Statements of Income
Qualifying derivatives					
Interest rate swaps	$ 14	$ (2)	$ 13	$ (4)	Interest Expense
	(1)	—	(2)	(1)	Income (Loss) from Discontinued Operations (net of income taxes)
Cross-currency swaps	(2)	26	(39)	32	Income (Loss) from Discontinued Operations (net of income taxes)
Total Pre-tax	11	24	(28)	27	
Income Taxes	(10)	(4)	4	(4)	
Total After-tax	1	20	(24)	23	
Defined benefit plans					
Prior service costs (a)	9	(1)	9	(2)	
Net actuarial loss (a)	(71)	(58)	(133)	(117)	
Total Pre-tax	(62)	(59)	(124)	(119)	
Income Taxes	2	11	24	23	
Total After-tax	(60)	(48)	(100)	(96)	
Sale of the U.K. utility business (Note 9)					
Foreign currency translation adjustments	(646)	—	(646)	—	Income (Loss) from Discontinued Operations (net of income taxes)
Qualifying derivatives	(15)	—	(15)	—	Income (Loss) from Discontinued Operations (net of income taxes)
Defined benefit plans	(3,577)	—	(3,577)	—	Income (Loss) from Discontinued Operations (net of income taxes)
Total Pre-tax	(4,238)	—	(4,238)	—	
Income Taxes	660	—	660	—	
Total After-tax	(3,578)	—	(3,578)	—	
Total reclassifications during the period	$ (3,637)	$ (28)	$ (3,702)	$ (73)	

(a) These AOCI components are included in the computation of net periodic defined benefit cost. See Note 10 for additional information.

Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations

(All Registrants)

This "Item 2. 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' Condensed Consolidated Financial Statements and the accompanying Notes and with the Registrants' 2020 Form 10-K. 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 the three and six months ended June 30, 2021 with the same periods in 2020. The 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 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 update to PPL's critical accounting policy related to "Income Taxes."

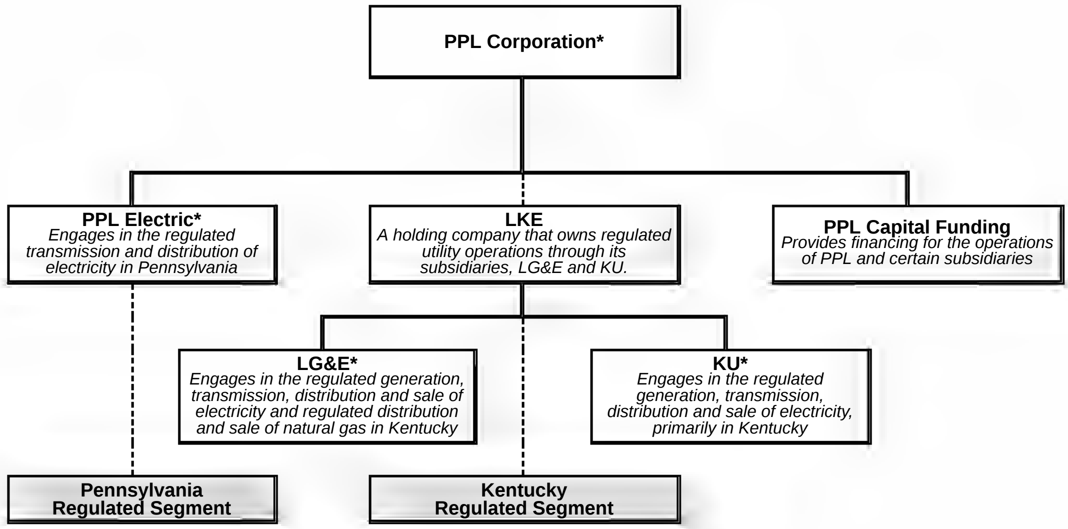
Overview

Introduction

(PPL)

PPL, headquartered in Allentown, Pennsylvania, is a utility holding company. 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 are shown below (* denotes a Registrant).



PPL's reportable segments' results primarily represent the results of LKE and PPL Electric, except that in 2020 the reportable segments were also allocated certain corporate level financing and other costs that were not included in the results of LKE and PPL Electric. In 2021, corporate level financing costs are no longer being allocated to the reportable segments.

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

(PPL Electric)

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.

(LG&E)

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.

(KU)

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.

Business Strategy

(All Registrants)

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 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. PPL WPD Limited entered into a share purchase agreement to sell PPL's U.K. utility business to National Grid Holdings One plc, a subsidiary of National Grid plc. On June 14, 2021, PPL completed the sale of its U.K. utility business. PPL and its subsidiary, PPL Energy Holdings, also entered into a separate share purchase agreement to acquire Narragansett Electric from a different subsidiary of National Grid plc, to be financed with a portion of the proceeds from the sale of the U.K. utility business. 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. 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 discussions in "Financial and Operating Developments" below, for additional information on these transactions.

Financial and Operational Developments

(PPL)

Share Purchase Agreement to Sell U.K. Utility Business

On March 17, 2021, PPL WPD Limited (WPD Limited) entered into a share purchase agreement (the 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 are 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 $1,609 million.

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 will not have any significant involvement with the U.K. utility business after completion of the sale.

See Note 9 to the Financial Statements for additional information on the sale of the U.K. utility business.

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, which is currently expected to occur by March 2022, is subject to the receipt of certain U.S. regulatory approvals or waivers, and other customary conditions to closing. 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.

Use of Proceeds from the Sale of the U.K. Utility Business (All Registrants)

PPL announced its intent to use the proceeds from the sale of the U.K. utility business to acquire Narragansett Electric to further strengthen its balance sheet and enhance opportunities for growth. The announcement included plans to reduce outstanding debt by approximately $3 billion to $3.5 billion. PPL will continue to evaluate the best use of the remaining proceeds to maximize shareowner value. This includes potentially investing incremental capital at PPL's utilities or in renewables, and repurchasing shares.

Long Term Debt

In connection with the company’s strategic repositioning, PPL Capital Funding tendered and/or redeemed an aggregate total of $3,484 million of outstanding debt during June and July 2021. The extinguished debt consisted of a series of $3,034 million of Senior Notes and $450 million of Junior Subordinated notes.

The total cash purchase price for the retired Senior Notes was $3,426 million, which resulted in a loss on extinguishment of debt of $322 million and $58 million being recorded in the second and third quarters of 2021 related primarily to premiums paid.

PPL Capital Funding also redeemed its $450 million of 5.90% Junior Subordinated Notes due in 2073 at par. There was no loss on the redemption of these notes.

See Note 8 to the Financial Statements for additional information related to the companies’ financing activities.

Capital Expenditures

Capital expenditure plans are revised periodically to reflect changes in operational, market and regulatory conditions. In connection with PPL’s announced strategic repositioning, the company is reevaluating its capital expenditure plan, which may result in an increase to its previously disclosed capital expenditure projections for PPL’s domestic utilities included in “Item 7. Combined Management’s Discussion and Analysis of Financial Condition and Result of Operations - Financial Condition – Liquidity and Capital Resources – Forecasted Uses of Cash – Capital Expenditures” in PPL’s 2020 Form 10-K.

Share Repurchase

In July of 2021, PPL's Board of Directors authorized share repurchases of up to $3 billion of PPL common shares. PPL currently expects to repurchase $500 million by the end of 2021. 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)

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 this Form 10-Q, LKE is no longer reported as a Registrant. PPL has no intention to issue debt from the LKE subsidiary in the future.

U.K. Corporation Tax Rate Change

The U.K. Finance Act 2021, formally enacted on June 10, 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.

Regulatory Requirements

(All Registrants)

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

(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, 11 and 16 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.

Challenge to 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 is unjust and unreasonable, and proposing an alternative ROE of 8.0% based on its interpretation of FERC Opinion No. 569. However, also on May 21, 2020, the FERC issued Opinion No. 569-A in response to numerous requests for rehearing of Opinion No. 569, which revised the method for analyzing base ROE. On June 10, 2020, PPLICA filed a Motion to Supplement the May 21, 2020 complaint in which PPLICA continued to allege that PPL Electric’s base ROE is unjust and unreasonable, but revised its analysis of PPL Electric's base ROE to reflect the guidance provided in Opinion No. 569-A. The amended complaint proposed an updated alternative ROE of 8.5% and also requested that the FERC preserve the original refund effective date as established by the filing of the original complaint on May 21, 2020. Several parties filed motions to intervene, including one party who filed Comments in Support of the original complaint.

On July 10, 2020, PPL Electric filed its Answer and supporting Testimony to the PPLICA filings arguing that the FERC should deny the original and amended complaints as they are without merit and fail to demonstrate the existing base ROE is unjust and unreasonable. In addition, PPL Electric contended any refund effective date should be set for no earlier than June 10, 2020 and PPLICA's proposed replacement ROE should be rejected.

On October 15, 2020, the FERC issued an order on the PPLICA complaints which established hearing and settlement procedures, set a refund effective date of May 21, 2020 and granted the motions to intervene. On November 16, 2020, PPL

Electric filed a request for rehearing of the portion of the October 15, 2020 Order that set the May 21, 2020 refund effective date. On December 17, 2020, the FERC issued a Notice of Denial of Rehearing by Operation of Law and Providing for Further Consideration. On February 16 and April 19, 2021, PPL Electric filed Petitions for Review with the United States Court of Appeals for the District of Columbia Circuit of the portion of the October 15, 2020 Order that set the May 21, 2020 refund effective date.

In the three and six months ended June 30, 2021, PPL Electric recorded a revenue reserve of $17 million and $36 million after-tax representing revenue subject to refund for the period May 21, 2020 through June 30, 2021. Of these amounts, $7 million for the three months ended June 30, 2021 and $20 million for the six months ended June 30, 2021, relates to the period from May 21, 2020 to December 31, 2020.

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. Due to the development of robust, accessible energy markets over time, LG&E and KU believe the mitigation commitments are no longer relevant or appropriate. In March 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, subject to FERC review and approval. In July 2019, LG&E and KU proposed their transition mechanism to the FERC and in September 2019, the FERC rejected the proposed transition mechanism. In September 2020, the FERC issued orders in the rehearing process that modified various aspects of the September 2019 orders which had approved future termination of the credits, including adjusting which customer arrangements are covered by the transition mechanism and respective future periods or dates for termination of credits. In November 2020, the FERC denied the parties' rehearing requests. In November 2020 and January 2021, LG&E and KU and other parties appealed the September 2020 and November 2020 orders at the D.C. Circuit Court of Appeals. The appellate proceedings are continuing, and also include certain additional prior pending petitions for review relating to the matter. On January 15, 2021, LG&E and KU made a filing seeking FERC acceptance of a new proposal for a transition mechanism. On March 16, 2021, the FERC accepted the filed transition mechanism agreements effective on March 17, 2021 but subject to refund, and established hearing and settlement procedures. 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 would be 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. The agreement proposed increases in annual revenues of $217 million ($77 million and $116 million in electricity revenues at LG&E and KU and

$24 million in gas revenues at LG&E) based on an authorized return on equity of 9.55%. The proposal included an authorized 9.35% return on equity for the ECR and GLT mechanisms. The agreement did not modify the requested one-year billing credit. The agreement proposed that the KPSC should grant LG&E’s and KU’s request for a CPCN to deploy Advanced Metering Infrastructure and proposed the establishment of a Retired Asset Recovery rider (RAR) 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, the agreement proposed that LG&E and KU will continue to use currently approved depreciation rates for Mill Creek Units 1 and 2 and Brown Unit 3. The agreement also proposed 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 June 30, 2021, the KPSC issued orders approving the proposed agreement filed in April 2021, with certain modifications. The orders provide for increases in annual revenues of $199 million ($73 million and $106 million in electricity revenues at LG&E and KU and $20 million in gas revenues at LG&E) based on an authorized return on equity of 9.425%. The order grants the requested authorized 9.35% return on equity for the ECR and GLT mechanisms and does not modify the requested one-year billing credit. The orders approve 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 approve the establishment of the RAR rider and accepted the four-year "stay-out". The orders, however, disallowed certain legal costs that were included in the settlement. An order on the remaining net metering issues is expected by the end of September 2021. On July 23, 2021, LG&E and KU filed motions for partial rehearing and clarification of the return on equity, the disallowed legal costs and certain other matters related to the KPSC's orders. PPL, LG&E and KU cannot predict the outcome of the motions for partial rehearing and clarification or the remaining net metering issues.

(KU)

On June 30, 2021, KU filed a notice of intent with the VSCC to file an application for proposed adjustments of general electricity rates on or after August 31, 2021. KU cannot predict the outcome of this proceeding.

Results of Operations

(PPL)

The "Statement of Income Analysis" discussion below describes significant changes in principal line items on the Statements of Income, comparing the three and six months ended June 30, 2021 with the same periods in 2020. The "Segment Earnings" and "Adjusted Gross Margins" discussions 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 the three and six months ended June 30, 2021 with the same periods in 2020.

(All Registrants)

The results for interim periods can be disproportionately influenced by numerous factors and developments and by seasonal variations. As such, the results of operations for interim periods do not necessarily indicate results or trends for the year or future periods.

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

Statement of Income Analysis

Net income for the periods ended June 30 includes the following results:

	Three Months			Six Months		
	2021	2020	$ Change	2021	2020	$ Change
Operating Revenues	$ 1,288	$ 1,263	$ 25	$ 2,786	$ 2,703	$ 83
Operating Expenses						
Operation						
Fuel	159	138	21	336	301	35
Energy purchases	137	133	4	357	334	23
Other operation and maintenance	404	353	51	771	708	63
Depreciation	269	255	14	536	505	31
Taxes, other than income	49	37	12	101	84	17
Total Operating Expenses	1,018	916	102	2,101	1,932	169
Other Income (Expense) - net	13	10	3	13	5	8
Interest Expense	474	164	310	627	318	309
Income (Loss) from Continuing Operations Before Income Taxes	(191)	193	(384)	71	458	(387)
Income Taxes	345	40	305	404	101	303
Income (Loss) from Continuing Operations After Income Taxes	(536)	153	(689)	(333)	357	(690)
Income (Loss) from Discontinued Operations (net of income taxes) (Note 9)	555	191	364	(1,488)	541	(2,029)
Net Income (Loss)	$ 19	$ 344	$ (325)	$ (1,821)	$ 898	$ (2,719)

Operating Revenues

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

	Three Months	Six Months
PPL Electric distribution price (a)	$ (5)	$ (7)
PPL Electric distribution volume (b)	2	19
PPL Electric PLR (c)	—	6
PPL Electric transmission formula rate (d)	(14)	(36)
LG&E volumes (e)	4	24
LG&E fuel and other energy prices (f)	6	16
LG&E demand	2	1
KU volumes (e)	11	34
KU fuel and other energy prices (f)	7	12
KU demand	5	6
Other	7	8
Total	$ 25	$ 83

(a) The decreases were primarily due to lower distribution rider prices.
(b) The increase for the six months ended June 30, 2021 was primarily due to favorable weather.
(c) The increase for the six months ended June 30, 2021 was due to favorable volumes, partially offset by lower prices and higher customer shopping.
(d) The decreases were primarily due to a reserve recorded due to a challenge to 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 challenge.
(e) The increases were primarily due to favorable weather.
(f) The increases were primarily due to higher recoveries of fuel and energy purchases due to higher commodity costs and higher off-system sales prices.

Fuel

Fuel increased $21 million for the three months ended June 30, 2021 compared with 2020, primarily due to a $16 million increase in volumes driven by weather and the timing of generation maintenance outages at LG&E and a $5 million increase in commodity costs at KU.

Fuel increased $35 million for the six months ended June 30, 2021 compared with 2020, primarily due to a $9 million increase in volumes driven by weather and the timing of generation maintenance outages at LG&E and due to a $17 million increase in volumes driven by weather and the timing of generation maintenance outages and an $8 million increase in commodity costs at KU.

Energy Purchases

Energy purchases increased $4 million for the three months ended June 30, 2021 compared with 2020, due to a $5 million increase in commodity costs at LG&E.

Energy purchases increased $23 million for the six months ended June 30, 2021 compared with 2020, due to a $9 million increase in gas volumes driven by weather and a $9 million increase in commodity costs at LG&E as well as higher PLR volumes of $19 million, partially offset by lower PLR prices of $16 million at PPL Electric.

Other Operation and Maintenance

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

	Three Months	Six Months
PPL Electric canceled projects	$ —	$ (11)
PPL Electric bad debts	(6)	(9)
PPL Electric storm costs	(2)	4
LG&E plant operations and maintenance	2	5
LG&E gas distribution operations and maintenance	2	2
KU plant operations and maintenance	3	8
KU distribution operations and maintenance	—	4
KU transmission operations and maintenance	—	3
Solar panel impairment (Note 2)	37	37
Charges related to the sale of the U.K. utility business	8	8
Other	7	12
Total	$ 51	$ 63

Depreciation

The increase in depreciation was due to:

	Three Months	Six Months
Additions to PP&E, net	$ 12	$ 26
Other	2	5
Total	$ 14	$ 31

Taxes, Other Than Income

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

	Three Months	Six Months
State gross receipts tax (a)	$ 8	$ 10
Domestic property tax expense	4	6
Other	—	1
Total	$ 12	$ 17

(a) The increases were 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:

	Three Months	Six Months
Defined benefit plans - non-service credits (Note 10)	$ 6	$ 9
Other	(3)	(1)
Total	$ 3	$ 8

Interest Expense

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

	Three Months	Six Months
Loss on extinguishment of debt (Note 8)	$ 322	$ 322
Long-term debt	(10)	(6)
Other	(2)	(7)
Total	$ 310	$ 309

Income Taxes

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

	Three Months	Six Months
Change in pre-tax income	$ (109)	$ (110)
Valuation allowance adjustments (a)	20	22
Impact of the U.K. Finance Acts on deferred tax balances (b)	385	386
Amortization of excess deferred federal and state income taxes	4	3
Other	5	2
Total	$ 305	$ 303

(a) In June 2021, PPL recorded a $25 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 to the Financial Statements for additional information on the tender offer.

(b) The U.K. Finance Act 2021, formally enacted on June 10, 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.

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

Income from discontinued operations (net of income taxes) increased $364 million for the three months ended June 30, 2021 compared with 2020. The increase was attributable primarily to an increase in operating revenues.

Loss from discontinued operations (net of income taxes) increased $2,029 million for the six months ended June 30, 2021 compared with 2020. The decrease was attributable primarily to a loss on sale of $1,609 million and an increase in income tax expense of $637 million in 2021, offset by an increase in income before income taxes of $217 million. The increase in income tax expense includes federal tax expense of $647 million for the recognition of the tax cost associated with the realization of the book-tax outside basis difference in PPL's investment in the U.K. utility business.

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 segment for the periods ended June 30 was as follows:

	Three Months			Six Months		
	2021	2020	$ Change	2021	2020	$ Change
Kentucky Regulated	$ 84	$ 74	$ 10	$ 230	$ 201	$ 29
Pennsylvania Regulated	96	118	(22)	209	236	(27)
Corporate and Other (a)(b)	(716)	(39)	(677)	(772)	(80)	(692)
Discontinued Operations (c)	555	191	364	(1,488)	541	(2,029)
Net Income	$ 19	$ 344	$ (325)	$ (1,821)	$ 898	$ (2,719)

(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 amounts for the periods ended June 30, 2020 have 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 for the periods ended June 30 were as follows:

	Three Months			Six Months		
	2021	2020	$ Change	2021	2020	$ Change
Kentucky Regulated	$ 84	$ 78	$ 6	$ 226	$ 205	$ 21
Pennsylvania Regulated	103	118	(15)	229	236	(7)
Corporate and Other (a)	(40)	(37)	(3)	(89)	(76)	(13)
Earnings from Ongoing Operations	$ 147	$ 159	$ (12)	$ 366	$ 365	$ 1

(a) The amounts for the periods ended June 30, 2020 have 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 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.

Net Income and Earnings from Ongoing Operations for the periods ended June 30 include the following results.

	Three Months			Six Months		
	2021	2020	$ Change	2021	2020	$ Change
Operating revenues	$ 741	$ 700	$ 41	$ 1,626	$ 1,525	$ 101
Fuel	159	138	21	336	301	35
Energy purchases	27	22	5	98	79	19
Other operation and maintenance	215	207	8	435	411	24
Depreciation	158	151	7	314	300	14
Taxes, other than income	22	18	4	43	36	7
Total operating expenses	581	536	45	1,226	1,127	99
Other Income (Expense) - net	6	2	4	6	2	4
Interest Expense	62	77	(15)	126	152	(26)
Income Taxes	20	15	5	50	47	3
Net Income	84	74	10	230	201	29
Less: Special Items	—	(4)	4	4	(4)	8
Earnings from Ongoing Operations	$ 84	$ 78	$ 6	$ 226	$ 205	$ 21

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 during the periods ended June 30.

		Three Months		Six Months	
	Income Statement Line Item	2021	2020	2021	2020
Valuation allowance adjustment (a)	Income Taxes	$ —	$ —	$ 4	$ —
COVID-19 impact, net of tax of $0, $1, $0, $1 (b)	Other operation and maintenance	—	(4)	—	(4)
Total Special Items		$ —	$ (4)	$ 4	$ (4)

(a) Adjustment of valuation allowances related to certain tax credits recorded in 2017 as a result of the TCJA.
(b) 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 items.

	Three Months	Six Months
Kentucky Adjusted Gross Margins	$ 10	$ 33
Other operation and maintenance	(9)	(21)
Depreciation	(4)	(8)
Taxes, other than income	(6)	(7)
Other Income (Expense) - net	4	4
Interest Expense	15	26
Income Taxes	(4)	(6)
Earnings from Ongoing Operations	6	21
Special items, after-tax	4	8
Net Income	$ 10	$ 29

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

- Higher other operation and maintenance expense for the three month period primarily due to a $4 million increase in plant operations and maintenance and a $2 million increase in administrative and general expenses.

- Higher other operation and maintenance expense for the six month period primarily due to an $11 million increase in plant operations and maintenance, a $5 million increase in distribution operations and maintenance and a $3 million increase in administrative and general expenses.

- Higher depreciation expense for the three and six month periods primarily due to additional assets placed into service, net of retirements.

- Higher taxes, other than income for the three month period primarily due to higher property taxes driven by increased property tax rates and additional assets placed into service.

- Lower interest expense for the three and six month periods primarily due to interest costs allocated to the Kentucky Regulated segment in 2020 that were not allocated in 2021.

- Higher income taxes for the three month period primarily due to higher pre-tax income.

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 for the periods ended June 30 include the following results.

	Three Months			Six Months		
	2021	2020	$ Change	2021	2020	$ Change
Operating revenues	$ 537	$ 554	$ (17)	$ 1,142	$ 1,162	$ (20)
Energy purchases	110	111	(1)	259	255	4
Other operation and maintenance	125	129	(4)	253	266	(13)
Depreciation	109	101	8	217	199	18
Taxes, other than income	26	18	8	58	48	10
Total operating expenses	370	359	11	787	768	19
Other Income (Expense) - net	5	5	—	10	9	1
Interest Expense	42	42	—	85	86	(1)
Income Taxes	34	40	(6)	71	81	(10)
Net Income	96	118	(22)	209	236	(27)
Less: Special Item	(7)	—	(7)	(20)	—	(20)
Earnings from Ongoing Operations	$ 103	$ 118	$ (15)	$ 229	$ 236	$ (7)

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 during the periods ended June 30.

	Income Statement Line Item	Three Months 2021	Three Months 2020	Six Months 2021	Six Months 2020
Challenge to transmission formula rate return on equity reserve, net of tax of $2, $0, $8, $0 (a)	Operating revenues	$ (7)	$ —	$ (20)	$ —
Total Special Items		$ (7)	$ —	$ (20)	$ —

(a) Represents the portion of the reserve recognized in the June 30, 2021 Statements of Income related to the period from May 21, 2020 through December 31, 2020. See Note 7 to the Financial Statements for additional information.

The changes in the components of the Pennsylvania Regulated segment's results between these periods are 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.

	Three Months	Six Months
Pennsylvania Adjusted Gross Margins	$ (13)	$ (11)
Other operation and maintenance	6	17
Depreciation	(6)	(11)
Taxes, other than income	(7)	(7)
Other Income (Expense) - net	—	1
Interest Expense	—	1
Income Taxes	5	3
Earnings from Ongoing Operations	(15)	(7)
Special Item, after tax	(7)	(20)
Net Income	$ (22)	$ (27)

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

- Lower other operation and maintenance expense for the three month period primarily due to lower bad debt expense.

- Lower other operation and maintenance expense for the six month period primarily due to lower canceled project write-offs of $11 million and lower bad debt expense of $9 million.

- Higher depreciation expense for the three month period primarily due to higher cost of removal and salvage amortization of $3 million and additional assets placed in service, net of retirements of $2 million.

- Higher depreciation expense for the six month period primarily due to higher cost of removal and salvage amortization of $6 million and additional assets placed in service, net of retirements of $6 million.

- Higher taxes, other than income for the three and six month periods primarily due to a favorable settlement of 2008-2010 gross receipts tax assessments in 2020.

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 periods ended June 30.

	2021 Three Months				
	KY Regulated	PA Regulated	Corporate and Other	Discontinued Operations (a)	Total
Net Income	$ 84	$ 96	$ (716)	$ 555	$ 19
Less: Special Item (expense) benefit:					
Income (Loss) from Discontinued Operations (a)	—	—	—	555	555
Talen litigation costs, net of tax of $1 (b)	—	—	(6)	—	(6)
Strategic corporate initiatives, net of tax of $1 (c)	—	—	(2)	—	(2)
Challenge to transmission formula rate return on equity reserve, net of tax of $2	—	(7)	—	—	(7)
Acquisition integration, net of tax of $1 (e)	—	—	(2)	—	(2)
U.K. tax rate change (f)	—	—	(383)	—	(383)
Solar panel impairment, net of tax of $9 (g)	—	—	(28)	—	(28)
Loss on early extinguishment of debt, net of tax of $67 (h)	—	—	(255)	—	(255)
Total Special Items	—	(7)	(676)	555	(128)
Earnings from Ongoing Operations	$ 84	$ 103	$ (40)	$ —	$ 147

	2020 Three Months				
	KY Regulated	PA Regulated	Corporate and Other (i)	Discontinued Operations (a)	Total
Net Income	$ 74	$ 118	$ (39)	$ 191	$ 344
Less: Special Item (expense) benefit:					
Income (Loss) from Discontinued Operations (a)	—	—	—	191	191
Talen litigation costs, net of tax of $0 (b)	—	—	(2)	—	(2)
COVID-19 impact, net of tax of $1	(4)	—	—	—	(4)
Total Special Items	(4)	—	(2)	191	185
Earnings from Ongoing Operations	$ 78	$ 118	$ (37)	$ —	$ 159

	2021 Six Months				
	KY Regulated	PA Regulated	Corporate and Other	Discontinued Operations (a)	Total
Net Income	$ 230	$ 209	$ (772)	$ (1,488)	$ (1,821)
Less: Special Items (expense) benefit:					
Income (Loss) from Discontinued Operations (a)	—	—	—	(1,492)	(1,492)
Talen litigation costs, net of tax of $2 (b)	—	—	(9)	—	(9)
Strategic corporate initiatives, net of tax of $1 (c)	—	—	(2)	—	(2)
Valuation allowance adjustment (d)	4	—	(4)	4	4
Challenge to transmission formula rate return on equity reserve, net of tax of $8	—	(20)	—	—	(20)
Acquisition integration, net of tax of $1 (e)	—	—	(2)	—	(2)
U.K. tax rate change (f)	—	—	(383)	—	(383)
Solar panel impairment, net of tax of $9 (g)	—	—	(28)	—	(28)
Loss on early extinguishment of debt, net of tax of $67 (h)	—	—	(255)	—	(255)
Total Special Items	4	(20)	(683)	(1,488)	(2,187)
Earnings from Ongoing Operations	$ 226	$ 229	$ (89)	$ —	$ 366

	2020 Six Months				
	KY Regulated	PA Regulated	Corporate and Other (i)	Discontinued Operations (a)	Total
Net Income	$ 201	$ 236	$ (80)	$ 541	$ 898
Less: Special Items (expense) benefit:					
Income (Loss) from Discontinued Operations (a)	—	—	—	541	541
Talen litigation costs, net of tax of $1 (b)	—	—	(4)	—	(4)
COVID-19 impact, net of tax of $1	(4)	—	—	—	(4)
Total Special Items	(4)	—	(4)	541	533
Earnings from Ongoing Operations	$ 205	$ 236	$ (76)	$ —	$ 365

(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 11 to the Financial Statements for additional information.
(c) Costs 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) The U.K. Finance Act 2021 was formally enacted on June 10, 2021, increasing the U.K. corporate income tax rate from 19% to 25% effective April 1, 2023. This reflects the deferred tax expense. See Note 6 to the Financial Statements for additional information.
(g) See Note 2 to the Financial Statements for additional information.
(h) See Note 8 to the Financial Statements for additional information.
(i) The amounts for the periods ended June 30, 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 periods ended June 30 as well as the change between periods. The factors that gave rise to the changes are described following the table.

	Three Months			Six Months		
	2021	2020	$ Change	2021	2020	$ Change
Kentucky Regulated						
Kentucky Adjusted Gross Margins	$ 489	$ 479	$ 10	$ 1,059	$ 1,026	$ 33
Pennsylvania Regulated						
Pennsylvania Adjusted Gross Margins						
Distribution	$ 211	$ 218	$ (7)	$ 458	$ 460	$ (2)
Transmission	159	165	(6)	315	324	(9)
Total Pennsylvania Adjusted Gross Margins	$ 370	$ 383	$ (13)	$ 773	$ 784	$ (11)

Kentucky Adjusted Gross Margins

Kentucky Adjusted Gross Margins increased for the three months ended June 30, 2021 compared with 2020, primarily due to $7 million of higher commercial and industrial demand revenue primarily due to the impacts of COVID-19 in 2020 and $2 million of higher sales volumes primarily due to weather.

Kentucky Adjusted Gross Margins increased for the six months ended June 30, 2021 compared with 2020, primarily due to $25 million of higher sales volumes primarily due to weather and $7 million of higher commercial and industrial demand primarily due to the impacts of COVID-19 in 2020.

Pennsylvania Adjusted Gross Margins

Distribution

Distribution Adjusted Gross Margins decreased for the three months ended June 30, 2021 compared with 2020, primarily due to an $8 million favorable adjustment related to TCJA customer refunds in 2020.

Distribution Adjusted Gross Margins decreased for the six months ended June 30, 2021 compared with 2020, primarily due to $8 million of lower returns on distribution system improvement capital investments and an $8 million favorable adjustment related to TCJA customer refunds in 2020, partially offset by $15 million of higher sales volumes primarily due to weather.

Transmission

Transmission Adjusted Gross Margins decreased for the three months ended June 30, 2021 compared with 2020, primarily due to an $11 million decrease as a result of a lower PPL zonal peak load billing factor and a $15 million decrease due to a reserve recorded as a result of a challenge to the transmission formula rate return on equity. Partially offsetting these unfavorable items was $16 million of returns on additional transmission capital investments focused on replacing aging infrastructure and improving reliability and $5 million return of related depreciation expense. See Note 7 to the Financial Statements for additional information on the transmission formula rate return on equity challenge.

Transmission Adjusted Gross Margins decreased for the six months ended June 30, 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 $23 million decrease due to a reserve recorded as a result of a challenge to the transmission formula rate return on equity. Partially offsetting these unfavorable items was $34 million of returns on additional transmission capital investments focused on replacing aging infrastructure and improving reliability and $10 million return of related depreciation expense. See Note 7 to the Financial Statements for additional information on the transmission formula rate return on equity challenge.

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 periods ended June 30.

	2021 Three Months			
	Kentucky Adjusted Gross Margins	Pennsylvania Adjusted Gross Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 741	$ 545	$ 2	$ 1,288
Operating Expenses				
Fuel	159	—	—	159
Energy purchases	27	110	—	137
Energy purchases from affiliate	—		—	—
Other operation and maintenance	24	26	354	404
Depreciation	41	15	213	269
Taxes, other than income	1	24	24	49
Total Operating Expenses	252	175	591	1,018
Total	$ 489	$ 370	$ (589)	$ 270

	2020 Three Months			
	Kentucky Adjusted Gross Margins	Pennsylvania Adjusted Gross Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 700	$ 554	$ 9	$ 1,263
Operating Expenses				
Fuel	138	—	—	138
Energy purchases	22	111	—	133
Energy purchases from affiliate	—	—	—	—
Other operation and maintenance	20	23	310	353
Depreciation	38	13	204	255
Taxes, other than income	3	24	10	37
Total Operating Expenses	221	171	524	916
Total	$ 479	$ 383	$ (515)	$ 347

	2021 Six Months			
	Kentucky Adjusted Gross Margins	Pennsylvania Adjusted Gross Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 1,626	$ 1,169	$ (9)	$ 2,786
Operating Expenses				
Fuel	336	—	—	336
Energy purchases	98	259	—	357
Other operation and maintenance	49	51	671	771
Depreciation	81	32	423	536
Taxes, other than income	3	54	44	101
Total Operating Expenses	567	396	1,138	2,101
Total	$ 1,059	$ 773	$ (1,147)	$ 685

	2020 Six Months			
	Kentucky Adjusted Gross Margins	Pennsylvania Adjusted Gross Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 1,525	$ 1,162	$ 16	$ 2,703
Operating Expenses				
Fuel	301	—	—	301
Energy purchases	79	255	—	334
Other operation and maintenance	41	46	621	708
Depreciation	75	25	405	505
Taxes, other than income	3	52	29	84
Total Operating Expenses	499	378	1,055	1,932
Total	$ 1,026	$ 784	$ (1,039)	$ 771

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

PPL Electric: Statement of Income Analysis

Statement of Income Analysis

Net income for the periods ended June 30 includes the following results.

	Three Months			Six Months		
	2021	2020	$ Change	2021	2020	$ Change
Operating Revenues	$ 537	$ 554	$ (17)	$ 1,142	$ 1,162	$ (20)
Operating Expenses						
Operation						
Energy purchases	110	111	(1)	259	255	4
Other operation and maintenance	125	129	(4)	253	266	(13)
Depreciation	109	101	8	217	199	18
Taxes, other than income	26	18	8	58	48	10
Total Operating Expenses	370	359	11	787	768	19
Other Income (Expense) - net	5	5	—	10	8	2
Interest Income from Affiliate	—	—	—	—	1	(1)
Interest Expense	42	42	—	85	86	(1)
Income Taxes	34	40	(6)	71	81	(10)
Net Income	$ 96	$ 118	$ (22)	$ 209	$ 236	$ (27)

Operating Revenues

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

	Three Months	Six Months
Distribution price (a)	$ (5)	$ (7)
Distribution volume (b)	2	19
PLR (c)	—	6
Transmission Formula Rate (d)	(14)	(36)
Other	—	(2)
Total	$ (17)	$ (20)

(a) The decreases were primarily due to lower distribution rider prices.
(b) The increase for the six months ended June 30, 2021 was primarily due to favorable weather.
(c) The increase for the six months ended June 30, 2021 was due to favorable volumes, partially offset by lower prices and higher customer shopping.
(d) The decreases were primarily due to a reserve recorded due to a challenge to 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 challenge.

Energy Purchases

Energy purchases increased $4 million for the six months ended June 30, 2021 compared with 2020, primarily due to higher PLR volumes of $19 million, partially offset by lower PLR prices of $16 million.

Other Operation and Maintenance

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

	Three Months	Six Months
Canceled projects	$ —	$ (11)
Bad debts	(6)	(9)
Storm costs	(2)	4
Other	4	3
Total	$ (4)	$ (13)

Depreciation

The increase in depreciation was due to:

	Three Months	Six Months
Additions of PP&E, net	$ 5	$ 12
Cost of removal and salvage amortization	3	6
Total	$ 8	$ 18

Taxes, Other Than Income

Taxes, other than income increased by $8 million and $10 million for the three and six months ended June 30, 2021 compared with 2020, primarily due to a favorable settlement of 2008-2010 gross receipts tax assessments in 2020.

Income Taxes

Income taxes decreased $6 million and $10 million for the three and six months ended June 30, 2021 compared with 2020, primarily due to a change in pre-tax income.

LG&E: Statement of Income Analysis

Statement of Income Analysis

Net income for the periods ended June 30 includes the following results.

	Three Months			Six Months		
	2021	2020	$ Change	2021	2020	$ Change
Operating Revenues						
Retail and wholesale	$ 333	$ 320	$ 13	$ 754	$ 713	$ 41
Electric revenue from affiliate	9	2	7	16	16	—
Total Operating Revenues	342	322	20	770	729	41
Operating Expenses						
Operation						
Fuel	66	50	16	133	124	9
Energy purchases	23	18	5	89	70	19
Energy purchases from affiliate	3	8	(5)	8	8	—
Other operation and maintenance	97	92	5	193	184	9
Depreciation	68	65	3	134	129	5
Taxes, other than income	11	9	2	22	19	3
Total Operating Expenses	268	242	26	579	534	45
Other Income (Expense) - net	3	1	2	1	—	1
Interest Expense	20	22	(2)	41	44	(3)
Income Taxes	12	12	—	31	31	—
Net Income	$ 45	$ 47	$ (2)	$ 120	$ 120	$ —

Operating Revenues

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

	Three Months	Six Months
Volumes (a)	$ 10	$ 23
Fuel and other energy prices (b)	6	16
Demand	2	1
Other	2	1
Total	$ 20	$ 41

(a) The increases were primarily due to favorable weather.
(b) The increases were primarily due to higher recoveries of fuel and energy purchases due to higher commodity costs and higher off-system sales prices.

Fuel

Fuel increased $16 million and $9 million for the three and six months ended June 30, 2021 compared with 2020, primarily due to increased volumes driven by weather and the timing of generation maintenance outages.

Energy Purchases

Energy purchases increased $5 million for the three months ended June 30, 2021 compared with 2020, primarily due to an increase in commodity costs.

Energy purchases increased $19 million for the six months ended June 30, 2021 compared with 2020, primarily due to a $9 million increase in gas volumes driven by weather and a $9 million increase in commodity costs.

Energy Purchases from affiliate

Energy purchases from affiliate decreased $5 million for the three months ended June 30, 2021 compared with 2020, primarily due to the timing of generation maintenance outages.

Other Operation and Maintenance

The increase in other operation and maintenance was due to:

	Three Months	Six Months
Plant operations and maintenance	$ 2	$ 5
Gas distribution operations and maintenance	2	2
Other	1	2
Total	$ 5	$ 9

Depreciation

Depreciation increased $3 million for the three months ended June 30, 2021 compared with 2020, primarily due to additional assets placed into service, net of retirements.

Taxes, other than income

Taxes, other than income increased $2 million for the three months ended June 30, 2021 compared with 2020, primarily due to increased property tax expense in 2021 due to increases in tax rates and additional assets placed into service.

Interest expense

Interest expense decreased $2 million for the three months ended June 30, 2021 compared with 2020, primarily due to lower interest rates.

KU: Statement of Income Analysis

Statement of Income Analysis

Net income for the periods ended June 30 includes the following results.

	Three Months			Six Months		
	2021	2020	$ Change	2021	2020	$ Change
Operating Revenues						
Retail and wholesale	$ 408	$ 380	$ 28	$ 872	$ 812	$ 60
Electric revenue from affiliate	3	8	(5)	8	8	—
Total Operating Revenues	411	388	23	880	820	60
Operating Expenses						
Operation						
Fuel	93	88	5	203	177	26
Energy purchases	4	4	—	9	9	—
Energy purchases from affiliate	9	2	7	16	16	—
Other operation and maintenance	111	107	4	226	211	15
Depreciation	90	86	4	179	170	9
Taxes, other than income	11	8	3	21	17	4
Total Operating Expenses	318	295	23	654	600	54
Other Income (Expense) - net	3	—	3	4	1	3
Interest Expense	27	29	(2)	54	57	(3)
Income Taxes	13	11	2	34	31	3
Net Income	$ 56	$ 53	$ 3	$ 142	$ 133	$ 9

Operating Revenues

The increase in operating revenues was due to:

	Three Months	Six Months
Volumes (a)	$ 6	$ 32
Fuel and other energy prices (b)	7	12
Demand	5	6
Other	5	10
Total	$ 23	$ 60

(a) The increases were primarily due to favorable weather.
(b) The increases were primarily due to higher recoveries of fuel and energy purchases due to higher commodity costs and higher off-system sales prices.

Fuel

Fuel increased $5 million for the three months ended June 30, 2021 compared with 2020, primarily due to an increase in commodity costs.

Fuel increased $26 million for the six months ended June 30, 2021 compared with 2020, primarily due to a $17 million increase in volumes driven by weather and the timing of generation maintenance outages and an $8 million increase in commodity costs.

Energy Purchases from affiliate

Energy purchases from affiliate increased $7 million for the three months ended June 30, 2021 compared with 2020, primarily due to the timing of generation maintenance outages.

Other Operation and Maintenance

The increase in other operation and maintenance was due to:

	Three Months	Six Months
Plant operations and maintenance	$ 3	$ 8
Distribution operations and maintenance	—	4
Transmission operations and maintenance	—	3
Other	1	—
Total	$ 4	$ 15

Depreciation

Depreciation increased $4 million and $9 million for the three and six months ended June 30, 2021 compared with 2020, primarily due to additional assets placed into service, net of retirements.

Taxes, other than income

Taxes, other than income increased $3 million for the three months ended June 30, 2021 compared with 2020, primarily due to increased property tax expense in 2021 due to increases in tax rates and additional assets placed into service.

Financial Condition

The remainder of this Item 2 in this Form 10-Q is presented on a combined basis, providing information, as applicable, for all Registrants.

Liquidity and Capital Resources

(All Registrants)

The Registrants had the following at:

	PPL	PPL Electric	LG&E	KU
June 30, 2021				
Cash and cash equivalents	$ 7,629	$ 58	$ 4	$ 7
Short-term debt	—	—	—	—
Long-term debt due within one year	2,200	400	28	—
Notes payable to affiliates		—	282	226
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 to affiliates		—	—	—

(PPL)

The Statements of Cash Flows separately report the cash flows of discontinued operations. The "Operating Activities", "Investing Activities" and "Financing Activities" sections below include only the cash flows of continuing operations.

(All Registrants)

Net cash provided by (used in) operating, investing and financing activities for the six month periods ended June 30, and the changes between periods, were as follows.

	PPL	PPL Electric	LG&E	KU
2021				
Operating activities	$ 795	$ 354	$ 258	$ 280
Investing activities	9,583	(1,533)	(215)	(266)
Financing activities	(3,556)	1,197	(46)	(29)
2020				
Operating activities	$ 866	$ 360	$ 275	$ 293
Investing activities	(1,149)	(558)	(214)	(451)
Financing activities	730	(51)	(71)	291
Change - Cash Provided (Used)				
Operating activities	$ (71)	$ (6)	$ (17)	$ (13)
Investing activities	10,732	(975)	(1)	185
Financing activities	(4,286)	1,248	25	(320)

Operating Activities

The components of the change in cash provided by (used in) operating activities for the six months ended June 30, 2021 compared with 2020 were as follows.

	PPL	PPL Electric	LG&E	KU
Change - Cash Provided (Used)				
Net income	$ (690)	$ (27)	$ —	$ 9
Non-cash components	293	10	7	1
Working capital	347	36	(20)	(28)
Defined benefit plan funding	20	—	3	—
Other operating activities	(41)	(25)	(7)	5
Total	$ (71)	$ (6)	$ (17)	$ (13)

(PPL)

PPL's cash provided by operating activities in 2021 decreased $71 million compared with 2020.

- Net income decreased $690 million between the periods and included an increase in non-cash charges of $293 million. The increase in non-cash charges was primarily due to the loss on extinguishment of debt and the impairment of solar panels.

- The $347 million increase in cash from changes in working capital was primarily due to an increase in taxes payable, an increase in accounts payable (primarily due to timing of payments) and an increase in regulatory liabilities (primarily due to the challenge to PPL Electric's transmission formula rate return on equity reserve and the timing of rate recovery mechanisms).

(PPL Electric)

PPL Electric's cash provided by operating activities in 2021 decreased $6 million compared with 2020.

- Net income decreased $27 million between the periods and included an increase in non-cash components of $10 million. The increase in non-cash components was primarily due to an increase in depreciation expense (primarily due to additional assets placed into service, net of retirements and increased cost of removal and salvage amortization) and an increase in deferred income taxes and investment tax credits (primarily due to the utilization of net operating losses partially offset by the tax impact of the transmission formula rate return on equity reserve), partially offset by a decrease in other expenses (primarily due to a decrease in canceled projects).

- The $36 million increase in cash from changes in working capital was primarily due to an increase in regulatory liabilities (primarily due to the challenge to transmission formula rate return on equity reserve and the timing of rate recovery mechanisms) and a decrease in materials and supplies (primarily due to a decrease in transmission capital projects material), partially offset by an increase in accounts receivable (primarily due to the impact of COVID-19) and a decrease in accounts payable (primarily due to timing of payments).

- The $25 million decrease in cash provided by other operating activities was driven primarily by an increase in noncurrent assets (primarily related to prepayments) and an increase in noncurrent regulatory assets (primarily related to energy conservation programs).

(LG&E)

LG&E's cash provided by operating activities in 2021 decreased $17 million compared with 2020.

- Net income was consistent between the periods and included an increase in non-cash components of $7 million. The increase in non-cash components was driven by an increase in depreciation expense (primarily due to additional assets placed into service, net of retirements).

- The decrease in cash from changes in working capital was due to an increase in tax payments (primarily due to timing of payments), an increase in net regulatory assets (primarily due to the timing of rate recovery mechanisms) 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 an increase in ARO expenditures.

(KU)

KU's cash provided by operating activities in 2021 decreased $13 million compared with 2020.

- Net income increased $9 million between the periods and included an increase in non-cash components of $1 million. The increase in non-cash components was driven by an increase in depreciation expense (primarily due to additional assets placed into service, net of retirements).

- The decrease in cash from changes in working capital was primarily due to an increase in tax payments (primarily due to timing of payments), an increase in accounts receivable (primarily due to weather and the impacts of COVID-19), a decrease in accounts payable (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 to affiliates (primarily due to timing of payments), a decrease in fuel inventory (primarily due to higher generation due to weather) and a decrease in net regulatory assets (primarily due to the timing of rate recovery mechanisms).

Investing Activities

(All Registrants)

The components of the change in cash provided by (used in) investing activities for the six months ended June 30, 2021 compared with 2020 were as follows.

	PPL	PPL Electric	LG&E	KU
Change - Cash Provided (Used)				
Expenditures for PP&E	$ 189	$ 98	$ (1)	$ (6)
Proceeds from sale of discontinued operations, net of cash divested	10,560	—	—	—
Notes receivable from affiliate	—	(1,075)	—	190
Other investing activities	(17)	2	—	1
Total	$ 10,732	$ (975)	$ (1)	$ 185

For PPL, the decrease in expenditures for PP&E was due to lower project expenditures at Safari Energy and PPL Electric. The decrease in expenditures at Safari Energy was primarily due to timing differences on capital spending projects. The decrease in expenditures at PPL Electric was primarily due to timing differences on capital spending projects related to the ongoing efforts to improve reliability and replace aging infrastructure.

Other Significant Changes in Components of Investing Activities (PPL and PPL Electric)

For PPL, on June 14, 2021, the sale of the U.K. utility business was completed. The transaction resulted in cash proceeds of $10,732 million inclusive of foreign currency hedges executed by PPL. See Note 9 to the Financial Statements for additional information.

For PPL Electric, the changes in "Notes receivable from affiliate" activity resulted from the funding of $1,075 million to an affiliate for general corporate purposes. See Note 12 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 for the six months ended June 30, 2021 compared with 2020 were as follows.

	PPL	PPL Electric	LG&E	KU
Change - Cash Provided (Used)				
Debt issuance/retirement, net	$ (3,327)	$ 650	$ —	$ (498)
Proceeds from project financing	(91)	$ —	—	—
Stock issuances/redemptions, net	(33)	—	—	—
Dividends	(4)	45	(33)	(22)
Capital contributions/distributions, net	—	755	(9)	23
Issuance of term loan	(300)	—	—	—
Retirement of term loan	(300)	—	—	—
Change in short-term debt, net	(157)	(200)	17	(21)
Retirement of commercial paper	(73)	—	(41)	(32)
Net increase in notes payable with affiliate	—	—	92	226
Other financing activities	(1)	(2)	(1)	4
Total	$ (4,286)	$ 1,248	$ 25	$ (320)

See Note 8 to the Financial Statements in this Form 10-Q for information on 2021 short-term and long-term debt activity, equity transactions and PPL dividends. See Note 8 to the Financial Statements in the Registrants' 2020 Form 10-K for information on 2020 activity.

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 June 30, 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	$ 1,550	$ —	$ 15	$ 1,535
PPL Electric Credit Facility	650	—	1	649
LG&E Credit Facilities	500	—	—	500
KU Credit Facilities	400	—	—	400
Total Credit Facilities (a)	$ 3,100	$ —	$ 16	$ 3,084

(a) 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 - 6%, LG&E - 7% and KU - 7%.

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	$ 282	$ 425	$ 43
KU Money Pool (a)	650	226	350	74

(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 12 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 facility. The following commercial paper programs were in place at June 30, 2021:

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

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

Long-term Debt *(All Registrants)*

See Note 8 to the Financial Statements for information regarding the Registrants' long-term debt activities.

(PPL)

Equity Securities Activities

ATM

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 six months ended June 30, 2021. The ATM program expired in February 2021.

Common Stock Dividends

In May 2021, PPL declared a quarterly common stock dividend, payable July 1, 2021, of 41.5 cents per share (equivalent to $1.66 per annum). Future dividends, declared at the discretion of the Board of Directors, will depend upon future earnings, cash flows, financial and legal requirements and other factors.

Rating Agency Actions

(All Registrants)

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 rating agencies have taken the following actions related to the Registrants and their subsidiaries during 2021:

(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 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.

(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 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, interest rate and foreign currency instruments (for PPL), 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 15 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 June 30, 2021.

(All Registrants)

For additional information on the Registrants' liquidity and capital resources, see "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Registrants' 2020 Form 10-K.

Risk Management

Market Risk

(All Registrants)

See Notes 14 and 15 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

The Registrants and their subsidiaries issue debt to finance their operations, which exposes them to interest rate risk. The Registrants and their subsidiaries utilize various financial derivative instruments to adjust the mix of fixed and floating interest rates in their debt portfolios, adjust the duration of their debt portfolios and lock in benchmark interest rates in anticipation of future financing, when appropriate. Risk limits under the risk management program are designed to balance risk exposure to volatility in interest expense and changes in the fair value of the debt portfolios due to changes in the absolute level of 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 June 30, 2021.

	Exposure Hedged	Fair Value, Net - Asset (Liability) (a)	Effect of a 10% Adverse Movement in Rates (b)	Maturities Ranging Through
PPL				
Economic hedges				
Interest rate swaps (c)	$ 64	$ (20)	$ (1)	2033
LG&E				
Economic hedges				
Interest rate swaps (c)	64	(20)	(1)	2033

(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, except for cross-currency swaps which also includes a 10% adverse movement in foreign currency exchange 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 June 30, 2021 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 June 30, 2021 is shown below.

	10% Adverse Movement in Rates
PPL	$ 468
PPL Electric	178
LG&E	79
KU	124

Foreign Currency Risk (PPL)

Prior to the sale of the U.K. utility business on June 14, 2021, PPL was exposed to foreign currency risk, primarily through investments in and earnings of U.K. affiliates. PPL had 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.

(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.

- Prior to the sale of the U.K. utility business on June 14, 2021, WPD was exposed to volumetric risk which was significantly mitigated as a result of the method of regulation in the U.K. Under the RIIO-ED1 price control regulations, recovery of such exposure occurs on a two year lag. See Note 1 in PPL's 2020 Form 10-K for additional information on revenue recognition under RIIO-ED1.
- 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.

Credit Risk *(All Registrants)*

See Notes 14 and 15 to the Financial Statements in this Form 10-Q and "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial Condition - Risk Management - Credit Risk" in the Registrants' 2020 Form 10-K for additional information.

Foreign Currency Translation *(PPL)*

The value of the British pound sterling fluctuates in relation to the U.S. dollar. The impact of foreign currency translation is recorded in AOCI. Changes in this exchange rate resulted in a pre-tax foreign currency translation gain of $495 million for the six months ended June 30, 2021, which primarily reflected a $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. Changes in this exchange rate resulted in a pre-tax foreign currency translation loss of $353 million for the six months ended June 30, 2020, which primarily reflected a $605 million decrease to PP&E, a $112 million decrease to goodwill, partially offset by a $357 million decrease to long-term debt and a $7 million decrease to other net liabilities.

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 six months ended June 30, 2021. See Note 9 to the Financial Statements for additional information.

Related Party Transactions *(All Registrants)*

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 12 to the Financial Statements for additional information on related party transactions for PPL Electric, LG&E and KU.

Acquisitions, Development and Divestitures *(All Registrants)*

The Registrants from time to time evaluate opportunities for potential acquisitions, divestitures and development projects. Development projects are reexamined based on market conditions and other factors to determine whether to proceed with, modify or terminate the projects. Any resulting transactions may impact future financial results. See Note 9 to the Financial Statements for information on significant activities.

Environmental Matters *(All Registrants)*

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 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 "Environmental Matters" in Item 1. "Business" in the Registrants' 2020 Form 10-K for information about environmental laws and regulations affecting the Registrants' business. See "Legal Matters" in Note 11 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" in the Registrants' 2020 Form 10-K for information on projected environmental capital expenditures for 2021 through 2025. See Note 16 to the Financial Statements for information related to the impacts of CCRs on AROs.

The information below represents an update to "Item 1. Business – Environmental Matters – Air – NAAQS" and "Item 1. Business – Environmental Matters – Air – Climate Change" in the Registrants' 2020 Form 10-K.

NAAQS (PPL, LG&E and KU)

In March 2021, the EPA released final revisions to the Cross-State Air Pollution Rule (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 are currently assessing the potential impact of the CSAPR revisions on operations, but such impact is not expected to be material. Pursuant to the President's executive order, the EPA is currently reviewing its previous determinations made in December 2020 to retain the existing NAAQS for ozone and particulate matter without change.

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, the costs of which PPL, LG&E and KU believe would be subject to rate recovery.

Climate Change (All Registrants)

The new U.S. presidential administration is undertaking 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, could have far-reaching impacts on PPL's business operations, products, and services. All of these developments are preliminary or ongoing in nature and the Registrants cannot predict their final outcome or ultimate impact on operations.

New Accounting Guidance *(All Registrants)*

There has been no new accounting guidance adopted in 2021 and there is no new significant accounting guidance pending adoption as of June 30, 2021.

Application of Critical Accounting Policies *(All Registrants)*

Financial condition and results of operations are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. The following table summarizes the accounting policies by Registrant that 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. See "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Registrants' 2020 Form 10-K for a discussion of each critical accounting policy.

	PPL	PPL Electric	LG&E	KU
Defined Benefits	X	X	X	X
Income Taxes	X	X	X	X
Regulatory Assets and Liabilities	X	X	X	X
Price Risk Management	X			
Asset Impairment (Excluding Investments)	X		X	X
AROs	X		X	X
Revenue Recognition - Unbilled Revenue			X	X

Following is an update to the critical accounting policies disclosed in PPL's 2020 Form 10-K.

Income Taxes *(PPL)*

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, valuation allowances on deferred tax assets, as well as whether the undistributed earnings of WPD are considered indefinitely reinvested.

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. Accounting guidance allows a 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.

In light of the sale of PPL's U.K. utility business, indefinite reinvestment is no longer relevant. As such, PPL realized the outside book-tax basis difference in those assets. Accordingly, a current tax liability has been recorded reflecting the estimated tax cost associated with the realization of that basis difference.

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

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Reference is made to "Risk Management" in "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations."

Item 4. Controls and Procedures

Although the COVID-19 pandemic prompted the Registrants to make certain procedural adjustments to accommodate an increased remote workforce, PPL's accounting and reporting systems and functions were well prepared to perform necessary accounting and reporting activities as of June 30, 2021 and to maintain the effectiveness of its disclosure controls and procedures and internal control over financial reporting.

(a) Evaluation of disclosure controls and procedures.

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 June 30, 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 quarterly report has been prepared. The 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 and principal financial officers, to allow for timely decisions regarding required disclosure.

(b) Change in internal controls over financial reporting.

The Registrants' principal executive officers and principal financial officers have concluded that there were no changes in the Registrants' internal controls over financial reporting during the Registrants' second fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrants' internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding legal, tax, regulatory, environmental or other administrative proceedings that became reportable events or were pending in the second quarter of 2021 see:

- "Item 3. Legal Proceedings" in each Registrant's 2020 Form 10-K; and
- Notes 6, 7 and 11 to the Financial Statements.

Item 1A. Risk Factors

There have been no material changes in the Registrants' risk factors from those disclosed in "Item 1A. Risk Factors" of the Registrants' 2020 Form 10-K.

Item 4. Mine Safety Disclosures

Not applicable.

Item 6. Exhibits

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)-23 are incorporated herein by reference. Exhibits indicated by a [_] are filed or listed pursuant to Item 601(b)(10)(iii) of Regulation S-K.

2(a)	- 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)
4(a)	- Supplemental Indenture No. 23, dated as of June 15, 2020, to Indenture, dated as of August 1, 2001, among PPL Electric Utilities Corporation and the Bank of New York Mellon, as Trustee (Exhibit 4(a) to PPL Corporation Form 8-K Report (File No. 1-11459) dated June 24, 2021)

Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, for the quarterly period ended June 30, 2021, filed by the following officers for the following companies:

*31(a)	- PPL Corporation's principal executive officer
*31(b)	- PPL Corporation's principal financial officer
*31(c)	- PPL Electric Utilities Corporation's principal executive officer
*31(d)	- PPL Electric Utilities Corporation's principal financial officer
*31(e)	- Louisville Gas and Electric Company's principal executive officer
*31(f)	- Louisville Gas and Electric Company's principal financial officer
*31(g)	- Kentucky Utilities Company's principal executive officer
*31(h)	- Kentucky Utilities Company's principal financial officer

Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, for the quarterly period ended June 30, 2021, furnished by the following officers for the following companies:

*32(a)	- PPL Corporation's principal executive officer and principal financial officer
*32(b)	- PPL Electric Utilities Corporation's principal executive officer and principal financial officer
*32(c)	- Louisville Gas and Electric Company's principal executive officer and principal financial officer
*32(d)	- Kentucky Utilities Company's principal executive officer and principal financial officer

101.INS	- XBRL Instance Document - 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
101.CAL	- XBRL Taxonomy Extension Calculation Linkbase
101.DEF	- XBRL Taxonomy Extension Definition Linkbase
101.LAB	- XBRL Taxonomy Extension Label Linkbase
101.PRE	- XBRL Taxonomy Extension Presentation Linkbase
104	- The Cover Page Interactive Data File is formatted as Inline XBRL and contained in Exhibits 101.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized. The signature for each undersigned company shall be deemed to relate only to matters having reference to such company or its subsidiaries.

PPL Corporation
(Registrant)

Date: August 5, 2021

/s/ Marlene C. Beers
Marlene C. Beers
Vice President and Controller
(Principal Accounting Officer)

PPL Electric Utilities Corporation
(Registrant)

Date: August 5, 2021

/s/ Stephen K. Breininger
Stephen K. Breininger
Vice President-Finance and Regulatory Affairs and Controller
(Principal Financial Officer and Principal Accounting Officer)

Louisville Gas and Electric Company
(Registrant)

Kentucky Utilities Company
(Registrant)

Date: August 5, 2021

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 31(a)

CERTIFICATION

I, VINCENT SORGI, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PPL Corporation (the "registrant");

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: August 5, 2021

/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 quarterly report on Form 10-Q of PPL Corporation (the "registrant");

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: August 5, 2021

/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 quarterly report on Form 10-Q of PPL Electric Utilities Corporation (the "registrant");

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: August 5, 2021

/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 quarterly report on Form 10-Q of PPL Electric Utilities Corporation (the "registrant");

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: August 5, 2021

/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, PAUL W. THOMPSON, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Louisville Gas and Electric Company (the "registrant");

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: August 5, 2021

/s/ Paul W. Thompson

Paul W. Thompson
President and Chief Executive Officer
(Principal Executive Officer)
Louisville Gas and Electric Company

Exhibit 31(f)

CERTIFICATION

I, KENT W. BLAKE, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Louisville Gas and Electric Company (the "registrant");

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: August 5, 2021

/s/ Kent W. Blake

Kent W. Blake
Chief Financial Officer
(Principal Financial Officer)
Louisville Gas and Electric Company

Exhibit 31(g)

CERTIFICATION

I, PAUL W. THOMPSON, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kentucky Utilities Company (the "registrant");

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: August 5, 2021

/s/ Paul W. Thompson

Paul W. Thompson
President and Chief Executive Officer
(Principal Executive Officer)
Kentucky Utilities Company

Exhibit 31(h)

CERTIFICATION

I, KENT W. BLAKE, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kentucky Utilities Company (the "registrant");

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: August 5, 2021

/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-Q FOR THE QUARTER ENDED JUNE 30, 2021

In connection with the quarterly report on Form 10-Q of PPL Corporation (the "Company") for the quarter ended June 30, 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: August 5, 2021

/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-Q FOR THE QUARTER ENDED JUNE 30, 2021

In connection with the quarterly report on Form 10-Q of PPL Electric Utilities Corporation (the "Company") for the quarter ended June 30, 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 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: August 5, 2021

/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-Q FOR THE QUARTER ENDED JUNE 30, 2021

In connection with the quarterly report on Form 10-Q of Louisville Gas and Electric Company (the "Company") for the quarter ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, Paul W. Thompson, 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: August 5, 2021

/s/ Paul W. Thompson
Paul W. Thompson
President and Chief Executive Officer
(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-Q FOR THE QUARTER ENDED JUNE 30, 2021

In connection with the quarterly report on Form 10-Q of Kentucky Utilities Company (the "Company") for the quarter ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, Paul W. Thompson, 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: August 5, 2021

/s/ Paul W. Thompson
Paul W. Thompson
President and Chief Executive Officer
(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.

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

FORM 10-Q

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

Table of Contents

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

Title of each class	Trading Symbol:	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

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 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	☒

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

PPL Corporation Common stock, $0.01 par value, 750,715,902 shares outstanding at October 31, 2021.
PPL Electric Utilities Corporation Common stock, no par value, 66,368,056 shares outstanding and all held by PPL Corporation at October 31, 2021.
Louisville Gas and Electric Company Common stock, no par value, 21,294,223 shares outstanding and all held by LG&E and KU Energy LLC at October 31, 2021.
Kentucky Utilities Company Common stock, no par value, 37,817,878 shares outstanding and all held by LG&E and KU Energy LLC at October 31, 2021.

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

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

FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2021

Table of Contents

This combined Form 10-Q 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 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.

PPL EU Services - PPL EU Services Corporation, a subsidiary of PPL that provides administrative, management and support services primarily to PPL Electric.

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, acquired in June 2018, that provides solar energy solutions for commercial customers in the U.S.

Other terms and abbreviations

£ - British pound sterling.

2020 Form 10-K - Annual Report to the SEC on Form 10-K for the year ended December 31, 2020.

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 2. 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.

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

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

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

COVID-19 - the disease caused by the novel coronavirus identified in 2019 that 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.

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 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" (MD&A).

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, gas risers, leak mitigation, and gas main replacements.

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

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

LIBOR - London Interbank Offered Rate.

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.

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, 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").

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

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.

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.

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.

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.

Forward-looking Information

Statements contained in this Form 10-Q concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact are "forward-looking statements" within the meaning of the federal securities laws. Although the Registrants believe that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that these expectations will prove to be correct. Forward-looking statements are subject to many risks and uncertainties, and actual results may differ materially from the results discussed in forward-looking statements. In addition to the specific factors discussed in each Registrant's 2020 Form 10-K and in "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-Q, the following are among the important factors that could cause actual results to differ materially and adversely from the forward-looking statements:

- strategic acquisitions, dispositions, or similar transactions, including the expected 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 and financial markets;
- 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;
- changes in state or federal tax laws or regulations;
- 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 or credit, 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 the potential cash funding requirements if fair value declines;
- 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;
- 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;
- new 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. FINANCIAL INFORMATION
ITEM 1. Financial Statements
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
PPL Corporation and Subsidiaries

(Unaudited)
(Millions of Dollars, except share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Operating Revenues	**$ 1,512**	$ 1,400	**$ 4,298**	$ 4,103
Operating Expenses				
Operation				
Fuel	**195**	177	**531**	478
Energy purchases	**167**	136	**524**	470
Other operation and maintenance	**393**	346	**1,164**	1,054
Depreciation	**274**	257	**810**	762
Taxes, other than income	**52**	47	**153**	131
Total Operating Expenses	**1,081**	963	**3,182**	2,895
Operating Income	**431**	437	**1,116**	1,208
Other Income (Expense) - net	**12**	6	**25**	11
Interest Expense	**183**	161	**810**	479
Income (Loss) from Continuing Operations Before Income Taxes	**260**	282	**331**	740
Income Taxes	**51**	165	**455**	266
Income (Loss) from Continuing Operations After Income Taxes	**209**	117	**(124)**	474
Income (Loss) from Discontinued Operations (net of income taxes) (Note 9)	**(2)**	164	**(1,490)**	705
Net Income (Loss)	**$ 207**	$ 281	**$ (1,614)**	$ 1,179
Earnings Per Share of Common Stock:				
Basic and Diluted				
Income (Loss) from Continuing Operations After Income Taxes	**$ 0.27**	$ 0.15	**$ (0.16)**	$ 0.62
Income (Loss) from Discontinued Operations (net of income taxes)	**—**	0.22	**(1.94)**	0.91
Net Income (Loss) Available to PPL Common Shareowners	**$ 0.27**	$ 0.37	**$ (2.10)**	$ 1.53
Weighted-Average Shares of Common Stock Outstanding (in thousands)				
Basic	**767,733**	768,786	**768,781**	768,502
Diluted	**769,849**	769,660	**768,781**	769,270

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
PPL Corporation and Subsidiaries
(Unaudited)
(Millions of Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	**2020**	**2021**	**2020**
Net income (loss)	**$ 207**	$ 281	**$ (1,614)**	$ 1,179
Other comprehensive income (loss):				
Amounts arising during the period - gains (losses), net of tax (expense) benefit:				
Foreign currency translation adjustments, net of tax of $0, $0, ($123), $1	**—**	643	**372**	291
Qualifying derivatives, net of tax of $0, $12, $11, $4	**—**	(52)	**(39)**	(16)
Defined benefit plans:				
Net actuarial gain (loss), net of tax of $4, $5, $6, $6	**(12)**	(16)	**(18)**	(17)
Reclassifications from AOCI - (gains) losses, net of tax expense (benefit):				
Qualifying derivatives, net of tax of $0, ($12), ($4), ($8)	**1**	48	**25**	25
Defined benefit plans:				
Prior service costs, net of tax of ($3), ($1), ($1), ($1)	**9**	—	**2**	2
Net actuarial (gain) loss, net of tax of ($4), ($12), ($30), ($35)	**10**	52	**117**	146
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 $0, $0, $140, $0	**—**	—	**786**	—
Qualifying derivatives, net of tax of $0, $0, $0, $0	**—**	—	**15**	—
Defined benefit plans:				
Prior service costs, net of tax of $0, $0, ($2), $0	**—**	—	**8**	—
Net actuarial (gain) loss, net of tax of $0, $0, ($798), $0	**—**	—	**2,769**	—
Total other comprehensive income (loss)	**8**	675	**4,037**	431
Comprehensive income (loss)	**$ 215**	$ 956	**$ 2,423**	$ 1,610

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
PPL Corporation and Subsidiaries

(Unaudited)
(Millions of Dollars)

	Nine Months Ended September 30, 2021	2020
Cash Flows from Operating Activities		
Net income (loss)	$ (1,614)	$ 1,179
Loss (income) from discontinued operations (net of income taxes)	1,490	(705)
Income from continuing operations (net of income taxes)	(124)	474
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	810	762
Amortization	30	40
Deferred income taxes and investment tax credits	51	164
Impairment of solar panels	37	—
Loss on extinguishment of debt	395	—
Other	7	33
Change in current assets and current liabilities		
Accounts payable	(32)	(33)
Unbilled revenues	67	93
Prepayments	(33)	(43)
Taxes payable	75	94
Regulatory assets and liabilities, net	50	(44)
Other	46	147
Other operating activities		
Defined benefit plans - funding	(41)	(61)
Other assets	(105)	(7)
Other liabilities	19	(40)
Net cash provided by operating activities - continuing operations	1,252	1,579
Net cash provided by operating activities - discontinued operations	726	668
Net cash provided by operating activities	1,978	2,247
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(1,460)	(1,690)
Proceeds from sale of discontinued operations, net of cash divested	10,560	—
Other investing activities	(22)	—
Net cash provided by (used in) investing activities - continuing operations	9,078	(1,690)
Net cash provided by (used in) investing activities - discontinued operations	(607)	(668)
Net cash provided by (used in) investing activities	8,471	(2,358)
Cash Flows from Financing Activities		
Issuance of long-term debt	650	1,598
Retirement of long-term debt	(4,606)	(975)
Proceeds from project financing	21	152
Issuance of common stock	5	32
Payment of common stock dividends	(961)	(956)
Purchase of treasury stock	(282)	—
Issuance of term loan	—	300
Retirement of term loan	(300)	—
Retirement of commercial paper	(73)	—
Net increase (decrease) in short-term debt	(795)	(213)
Other financing activities	(29)	(21)
Net cash provided by (used in) financing activities - continuing operations	(6,370)	(83)
Net cash provided by (used in) financing activities - discontinued operations	(411)	78
Contributions (to) from discontinued operations	365	38
Net cash provided by (used in) financing activities	(6,416)	33
Effect of Exchange Rates on Cash, Cash Equivalents and Restricted Cash included in Discontinued Operations	8	(6)
Net (Increase) Decrease in Cash, Cash Equivalents and Restricted Cash included in Discontinued Operations	284	(72)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	4,325	(156)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	443	660
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 4,768	$ 504
Supplemental Disclosures of Cash Flow Information		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at September 30,	$ 214	$ 228

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

CONDENSED CONSOLIDATED BALANCE SHEETS
PPL Corporation and Subsidiaries
(Unaudited)
(Millions of Dollars, shares in thousands)

	September 30, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 4,767**	$ 442
Accounts receivable (less reserve: 2021, $61; 2020, $71)		
Customer	**578**	603
Other	**73**	86
Unbilled revenues (less reserve: 2021, $2; 2020, $4)	**233**	301
Fuel, materials and supplies	**304**	302
Prepayments	**90**	53
Other current assets	**92**	130
Current assets held for sale (Note 9)	**—**	18,983
Total Current Assets	**6,137**	**20,900**
Property, Plant and Equipment		
Regulated utility plant	**30,056**	29,040
Less: accumulated depreciation - regulated utility plant	**6,434**	6,008
Regulated utility plant, net	**23,622**	23,032
Non-regulated property, plant and equipment	**269**	237
Less: accumulated depreciation - non-regulated property, plant and equipment	**41**	37
Non-regulated property, plant and equipment, net	**228**	200
Construction work in progress	**1,356**	1,268
Property, Plant and Equipment, net	**25,206**	24,500
Other Noncurrent Assets		
Regulatory assets	**1,286**	1,262
Goodwill	**716**	716
Other intangibles	**344**	351
Other noncurrent assets (less reserve for accounts receivable: 2021, $5; 2020 $0)	**482**	387
Total Other Noncurrent Assets	**2,828**	2,716
Total Assets	**$ 34,171**	$ 48,116

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

CONDENSED CONSOLIDATED BALANCE SHEETS
PPL Corporation and Subsidiaries
(Unaudited)
(Millions of Dollars, shares in thousands)

	September 30, 2021	December 31, 2020
Liabilities and Equity		
Current Liabilities		
Short-term debt	**$ —**	$ 1,168
Long-term debt due within one year	**474**	1,074
Accounts payable	**635**	745
Taxes	**144**	69
Interest	**138**	113
Dividends	**318**	319
Regulatory liabilities	**187**	79
Other current liabilities	**447**	465
Current liabilities held for sale (Note 9)	**—**	11,023
Total Current Liabilities	**2,343**	15,055
Long-term Debt	**10,665**	13,615
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	**3,108**	2,536
Investment tax credits	**120**	122
Accrued pension obligations	**195**	189
Asset retirement obligations	**160**	132
Regulatory liabilities	**2,452**	2,530
Other deferred credits and noncurrent liabilities	**552**	564
Total Deferred Credits and Other Noncurrent Liabilities	**6,587**	6,073
Commitments and Contingent Liabilities (Notes 7 and 11)		
Equity		
Common stock - $0.01 par value (a)	**8**	8
Additional paid-in capital	**12,290**	12,270
Treasury stock	**(282)**	—
Earnings reinvested	**2,743**	5,315
Accumulated other comprehensive loss	**(183)**	(4,220)
Total Equity	**14,576**	13,373
Total Liabilities and Equity	**$ 34,171**	$ 48,116

(a) 1,560,000 shares authorized, 769,723 shares issued and 760,109 shares outstanding at September 30, 2021. 1,560,000 shares authorized; 768,907 shares issued and outstanding at December 31, 2020.

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

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

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Treasury stock	Earnings reinvested	Accumulated other comprehensive loss	Total
June 30, 2021	769,564	$ 8	$ 12,281	$ —	$ 2,854	$ (191)	$ 14,952
Common stock issued	159		4				4
Treasury stock acquired	(9,614)			(282)			(282)
Stock-based compensation			5				5
Net income (loss)					207		207
Dividends and dividend equivalents (b)					(318)		(318)
Other comprehensive income (loss)						8	8
September 30, 2021	760,109	$ 8	$ 12,290	$ (282)	$ 2,743	$ (183)	$ 14,576
December 31, 2020	768,907	$ 8	12,270	$ —	$ 5,315	$ (4,220)	$ 13,373
Common stock issued	816		24				24
Treasury stock acquired	(9,614)			(282)			(282)
Stock-based compensation			(4)				(4)
Net income (loss)					(1,614)		(1,614)
Dividends and dividend equivalents (b)					(958)		(958)
Other comprehensive income (loss)						4,037	4,037
September 30, 2021	760,109	$ 8	$ 12,290	$ (282)	$ 2,743	$ (183)	$ 14,576
June 30, 2020	768,783	$ 8	12,255	$ —	$ 5,383	$ (4,602)	$ 13,044
Common stock issued	14		1				1
Stock-based compensation			4				4
Net income (loss)					281		281
Dividends and dividend equivalents (b)					(319)		(319)
Other comprehensive income (loss)						675	675
September 30, 2020	768,797	$ 8	$ 12,260	$ —	$ 5,345	$ (3,927)	$ 13,686
December 31, 2019	767,233	$ 8	12,214	$ —	$ 5,127	$ (4,358)	$ 12,991
Common stock issued	1,564		48				48
Stock-based compensation			(2)				(2)
Net income (loss)					1,179		1,179
Dividends and dividend equivalents (b)					(959)		(959)
Other comprehensive income (loss)						431	431
Adoption of financial instrument credit losses guidance cumulative effect adjustment					(2)		(2)
September 30, 2020	768,797	$ 8	$ 12,260	$ —	$ 5,345	$ (3,927)	$ 13,686

(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 were $0.415 and $1.245 for the three and nine months ended September 30, 2021 and September 30, 2020.

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

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME
PPL Electric Utilities Corporation and Subsidiaries
(Unaudited)
(Millions of Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	**2020**	**2021**	**2020**
Operating Revenues	**$ 627**	$ 586	**$ 1,769**	$ 1,748
Operating Expenses				
Operation				
Energy purchases	**143**	118	**402**	373
Other operation and maintenance	**147**	122	**400**	388
Depreciation	**105**	102	**322**	301
Taxes, other than income	**30**	30	**88**	78
Total Operating Expenses	**425**	372	**1,212**	1,140
Operating Income	**202**	214	**557**	608
Other Income (Expense) - net	**6**	7	**16**	15
Interest Income from Affiliate	**2**	1	**2**	2
Interest Expense	**39**	44	**124**	130
Income Before Income Taxes	**171**	178	**451**	495
Income Taxes	**45**	44	**116**	125
Net Income (a)	**$ 126**	$ 134	**$ 335**	$ 370

(a) Net income equals comprehensive income.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
PPL Electric Utilities Corporation and Subsidiaries
(Unaudited)
(Millions of Dollars)

	Nine Months Ended September 30, 2021	2020
Cash Flows from Operating Activities		
Net income	**$ 335**	$ 370
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	**322**	301
Amortization	**14**	21
Defined benefit plans - expense (income)	**(7)**	(1)
Deferred income taxes and investment tax credits	**75**	68
Other	**(15)**	—
Change in current assets and current liabilities		
Accounts receivable	**(24)**	(35)
Accounts payable	**(39)**	(7)
Unbilled revenues	**37**	54
Materials and supplies	**3**	(23)
Prepayments	**(32)**	(30)
Regulatory assets and liabilities, net	**81**	(31)
Other	**5**	1
Other operating activities		
Defined benefit plans - funding	**(21)**	(21)
Other assets	**(18)**	(20)
Other liabilities	**(12)**	9
Net cash provided by operating activities	**704**	656
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	**(680)**	(840)
Increase in notes receivable from affiliate	**(575)**	—
Other investing activities	**(1)**	(4)
Net cash used in investing activities	**(1,256)**	(844)
Cash Flows from Financing Activities		
Issuance of long-term debt	**650**	—
Retirement of long-term debt	**(400)**	—
Contributions from parent	**1,075**	740
Return of capital to parent	**(500)**	(745)
Payment of common stock dividends to parent	**(251)**	(323)
Net increase in short-term debt	**—**	280
Other financing activities	**(3)**	—
Net cash provided by (used in) financing activities	**571**	**(48)**
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	**19**	(236)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	**40**	264
Cash, Cash Equivalents and Restricted Cash at End of Period	**$ 59**	$ 28
Supplemental Disclosure of Cash Flow Information		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at September 30,	**$ 131**	$ 150

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

CONDENSED CONSOLIDATED BALANCE SHEETS
PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)
(Millions of Dollars, shares in thousands)

	September 30, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 59**	$ 40
Accounts receivable (less reserve: 2021, $30; 2020, $41)		
Customer	**295**	311
Other	**27**	17
Accounts receivable from affiliates	**11**	10
Notes receivable from affiliate	**575**	—
Unbilled revenues (less reserve: 2021, $1; 2020, $2)	**84**	121
Materials and supplies	**59**	59
Prepayments	**41**	9
Regulatory assets	**32**	40
Other current assets	**16**	13
Total Current Assets	**1,199**	620
Property, Plant and Equipment		
Regulated utility plant	**13,927**	13,514
Less: accumulated depreciation - regulated utility plant	**3,387**	3,297
Regulated utility plant, net	**10,540**	10,217
Construction work in progress	**629**	592
Property, Plant and Equipment, net	**11,169**	10,809
Other Noncurrent Assets		
Regulatory assets	**510**	541
Intangibles	**269**	268
Pension benefit asset	**49**	12
Other noncurrent assets (less reserve for accounts receivable: 2021, $5; 2020, $0)	**124**	74
Total Other Noncurrent Assets	**952**	895
Total Assets	**$ 13,320**	$ 12,324

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

CONDENSED CONSOLIDATED BALANCE SHEETS
PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)
(Millions of Dollars, shares in thousands)

	September 30, 2021	December 31, 2020
Liabilities and Equity		
Current Liabilities		
Long-term debt due within one year	**$ 474**	$ 400
Accounts payable	**351**	428
Accounts payable to affiliates	**44**	39
Taxes	**16**	17
Interest	**45**	39
Regulatory liabilities	**146**	68
Other current liabilities	**103**	105
Total Current Liabilities	**1,179**	1,096
Long-term Debt	**4,009**	3,836
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	**1,656**	1,559
Accrued pension obligations	**8**	8
Regulatory liabilities	**565**	578
Other deferred credits and noncurrent liabilities	**120**	123
Total Deferred Credits and Other Noncurrent Liabilities	**2,349**	2,268
Commitments and Contingent Liabilities (Notes 7 and 11)		
Equity		
Common stock - no par value (a)	**364**	364
Additional paid-in capital	**4,328**	3,753
Earnings reinvested	**1,091**	1,007
Total Equity	**5,783**	5,124
Total Liabilities and Equity	**$ 13,320**	$ 12,324

(a) 170,000 shares authorized; 66,368 shares issued and outstanding at September 30, 2021 and December 31, 2020.

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

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)
(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Total
June 30, 2021	66,368	$ 364	$ 4,503	$ 1,015	$ 5,882
Net income				126	126
Capital contributions from parent			325		325
Return of capital to parent			(500)		(500)
Dividends declared on common stock				(50)	(50)
September 30, 2021	66,368	$ 364	$ 4,328	$ 1,091	$ 5,783
December 31, 2020	66,368	$ 364	$ 3,753	$ 1,007	$ 5,124
Net income				335	335
Capital contributions from parent			1,075		1,075
Return of capital to parent			(500)		(500)
Dividends declared on common stock				(251)	(251)
September 30, 2021	66,368	$ 364	$ 4,328	$ 1,091	$ 5,783
June 30, 2020	66,368	$ 364	$ 3,553	$ 900	$ 4,817
Net income				134	134
Capital contributions from parent			485		485
Return of capital to parent			(485)		(485)
Dividends declared on common stock				(77)	(77)
September 30, 2020	66,368	$ 364	$ 3,553	$ 957	$ 4,874
December 31, 2019	66,368	$ 364	$ 3,558	$ 910	$ 4,832
Net income				370	370
Capital contributions from PPL			740		740
Return of capital to parent			(745)		(745)
Dividends declared on common stock				(323)	(323)
September 30, 2020	66,368	$ 364	$ 3,553	$ 957	$ 4,874

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

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

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CONDENSED STATEMENTS OF INCOME
Louisville Gas and Electric Company
(Unaudited)
(Millions of Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	**2020**	**2021**	**2020**
Operating Revenues				
Retail and wholesale	**$ 393**	$ 362	**$ 1,147**	$ 1,075
Electric revenue from affiliate	**2**	1	**18**	17
Total Operating Revenues	**395**	363	**1,165**	1,092
Operating Expenses				
Operation				
Fuel	**70**	64	**203**	188
Energy purchases	**19**	13	**108**	83
Energy purchases from affiliate	**8**	8	**16**	16
Other operation and maintenance	**97**	93	**290**	277
Depreciation	**72**	64	**206**	193
Taxes, other than income	**12**	11	**34**	30
Total Operating Expenses	**278**	253	**857**	787
Operating Income	**117**	110	**308**	305
Other Income (Expense) - net	**2**	(1)	**3**	(1)
Interest Expense	**20**	22	**61**	66
Income Before Income Taxes	**99**	87	**250**	238
Income Taxes	**17**	16	**48**	47
Net Income (a)	**$ 82**	$ 71	**$ 202**	$ 191

(a) Net income equals comprehensive income.

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

CONDENSED STATEMENTS OF CASH FLOWS
Louisville Gas and Electric Company
(Unaudited)
(Millions of Dollars)

	Nine Months Ended September 30,	
	2021	**2020**
Cash Flows from Operating Activities		
Net income	**$ 202**	$ 191
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	**206**	193
Amortization	**1**	6
Defined benefit plans - expense	**—**	2
Deferred income taxes and investment tax credits	**4**	1
Change in current assets and current liabilities		
Accounts receivable	**4**	6
Accounts receivable from affiliates	**(2)**	7
Accounts payable	**19**	(23)
Accounts payable to affiliates	**(13)**	(8)
Unbilled revenues	**19**	22
Fuel, materials and supplies	**(7)**	9
Regulatory assets and liabilities, net	**(14)**	5
Taxes payable	**5**	(1)
Accrued interest	**17**	18
Other	**(8)**	(13)
Other operating activities		
Defined benefit plans - funding	**(3)**	(6)
Expenditures for asset retirement obligations	**(19)**	(12)
Other assets	**(3)**	(1)
Other liabilities	**4**	23
Net cash provided by operating activities	**412**	419
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	**(339)**	(329)
Net cash used in investing activities	**(339)**	(329)
Cash Flows from Financing Activities		
Net increase in notes payable to affiliates	**284**	—
Net decrease in short-term debt	**(221)**	(32)
Retirement of commercial paper	**(41)**	—
Payment of common stock dividends to parent	**(139)**	(115)
Contributions from parent	**44**	53
Other financing activities	**(2)**	(1)
Net cash used in financing activities	**(75)**	(95)
Net Decrease in Cash and Cash Equivalents	**(2)**	(5)
Cash and Cash Equivalents at Beginning of Period	**7**	15
Cash and Cash Equivalents at End of Period	**$ 5**	$ 10
Supplemental Disclosure of Cash Flow Information		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at September 30,	**$ 40**	$ 43

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

CONDENSED BALANCE SHEETS
Louisville Gas and Electric Company
(Unaudited)
(Millions of Dollars, shares in thousands)

	September 30, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 5**	$ 7
Accounts receivable (less reserve: 2021, $2; 2020, $2)		
Customer	**121**	127
Other	**35**	35
Unbilled revenues (less reserve: 2021, $1; 2020, $1)	**60**	79
Accounts receivable from affiliates	**19**	16
Fuel, materials and supplies	**126**	119
Prepayments	**16**	14
Regulatory assets	**24**	23
Other current assets	**—**	1
Total Current Assets	**406**	421
Property, Plant and Equipment		
Regulated utility plant	**7,053**	6,735
Less: accumulated depreciation - regulated utility plant	**1,155**	1,020
Regulated utility plant, net	**5,898**	5,715
Construction work in progress	**290**	320
Property, Plant and Equipment, net	**6,188**	6,035
Other Noncurrent Assets		
Regulatory assets	**362**	351
Goodwill	**389**	389
Other intangibles	**31**	35
Other noncurrent assets	**115**	114
Total Other Noncurrent Assets	**897**	889
Total Assets	**$ 7,491**	$ 7,345

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

CONDENSED BALANCE SHEETS
Louisville Gas and Electric Company
(Unaudited)
(Millions of Dollars, shares in thousands)

	September 30, 2021	December 31, 2020
Liabilities and Equity		
Current Liabilities		
Short-term debt	$ —	$ 262
Long-term debt due within one year	—	292
Notes payable to affiliates	284	—
Accounts payable	148	153
Accounts payable to affiliates	22	31
Customer deposits	31	32
Taxes	37	32
Price risk management liabilities	2	2
Regulatory liabilities	30	—
Interest	32	15
Asset retirement obligations	12	10
Other current liabilities	48	50
Total Current Liabilities	646	879
Long-term Debt	2,006	1,715
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	737	716
Investment tax credits	32	33
Price risk management liabilities	17	21
Asset retirement obligations	77	57
Regulatory liabilities	830	882
Other deferred credits and noncurrent liabilities	91	94
Total Deferred Credits and Other Noncurrent Liabilities	1,784	1,803
Commitments and Contingent Liabilities (Notes 7 and 11)		
Stockholder's Equity		
Common stock - no par value (a)	424	424
Additional paid-in capital	1,967	1,923
Earnings reinvested	664	601
Total Equity	3,055	2,948
Total Liabilities and Equity	$ 7,491	$ 7,345

(a) 75,000 shares authorized; 21,294 shares issued and outstanding at September 30, 2021 and December 31, 2020.

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

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

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Total
June 30, 2021	21,294	$ 424	$ 1,967	$ 612	$ 3,003
Net income				82	82
Cash dividends declared on common stock				(30)	(30)
September 30, 2021	21,294	$ 424	$ 1,967	$ 664	$ 3,055
December 31, 2020	21,294	$ 424	$ 1,923	$ 601	$ 2,948
Net income				202	202
Capital contributions from parent			44		44
Cash dividends declared on common stock				(139)	(139)
September 30, 2021	21,294	$ 424	$ 1,967	$ 664	$ 3,055
June 30, 2020	21,294	$ 424	$ 1,873	$ 562	$ 2,859
Net income				71	71
Cash dividends declared on common stock				(39)	(39)
September 30, 2020	21,294	$ 424	$ 1,873	$ 594	$ 2,891
December 31, 2019	21,294	$ 424	$ 1,820	$ 518	$ 2,762
Net income				191	191
Capital contributions from parent			53		53
Cash dividends declared on common stock				(115)	(115)
September 30, 2020	21,294	$ 424	$ 1,873	$ 594	$ 2,891

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

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

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CONDENSED STATEMENTS OF INCOME
Kentucky Utilities Company
(Unaudited)
(Millions of Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Operating Revenues				
Retail and wholesale	$ **486**	$ 444	$ **1,358**	$ 1,256
Electric revenue from affiliate	**8**	8	**16**	16
Total Operating Revenues	**494**	452	**1,374**	1,272
Operating Expenses				
Operation				
Fuel	**125**	113	**328**	290
Energy purchases	**5**	5	**14**	14
Energy purchases from affiliate	**2**	1	**18**	17
Other operation and maintenance	**110**	105	**336**	316
Depreciation	**94**	88	**273**	258
Taxes, other than income	**10**	10	**31**	27
Total Operating Expenses	**346**	322	**1,000**	922
Operating Income	**148**	130	**374**	350
Other Income (Expense) - net	**1**	1	**5**	2
Interest Expense	**27**	28	**81**	85
Income Before Income Taxes	**122**	103	**298**	267
Income Taxes	**23**	19	**57**	50
Net Income (a)	$ **99**	$ 84	$ **241**	$ 217

(a) Net income equals comprehensive income.

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

CONDENSED STATEMENTS OF CASH FLOWS
Kentucky Utilities Company
(Unaudited)
(Millions of Dollars)

	Nine Months Ended September 30, 2021	2020
Cash Flows from Operating Activities		
Net income	**$ 241**	$ 217
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	**273**	258
Amortization	**5**	6
Defined benefit plans - expense	**(2)**	—
Deferred income taxes and investment tax credits	**—**	20
Other	**(1)**	(1)
Change in current assets and current liabilities		
Accounts receivable	**(6)**	(22)
Accounts receivable from affiliates	**1**	—
Accounts payable	**(4)**	7
Accounts payable to affiliates	**(4)**	(18)
Unbilled revenues	**17**	15
Fuel, materials and supplies	**4**	12
Regulatory assets and liabilities, net	**(16)**	(20)
Taxes payable	**9**	1
Accrued interest	**25**	23
Other	**(17)**	(15)
Other operating activities		
Defined benefit plans - funding	**(1)**	(1)
Expenditures for asset retirement obligations	**(27)**	(47)
Other assets	**2**	—
Other liabilities	**5**	11
Net cash provided by operating activities	**504**	446
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	**(400)**	(381)
Other investing activities	**4**	3
Net cash used in investing activities	**(396)**	(378)
Cash Flows from Financing Activities		
Net increase in notes payable to affiliates	**208**	—
Issuance of long-term debt	**—**	498
Retirement of long-term debt	**—**	(500)
Net decrease in short-term debt	**(171)**	(11)
Retirement of commercial paper	**(32)**	—
Payment of common stock dividends to parent	**(186)**	(145)
Contributions from parent	**60**	98
Other financing activities	**(1)**	(5)
Net cash used in financing activities	**(122)**	(65)
Net Increase (Decrease) in Cash and Cash Equivalents	**(14)**	3
Cash and Cash Equivalents at Beginning of Period	**22**	12
Cash and Cash Equivalents at End of Period	**$ 8**	$ 15
Supplemental Disclosure of Cash Flow Information		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at September 30,	**$ 43**	$ 35

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

CONDENSED BALANCE SHEETS
Kentucky Utilities Company
(Unaudited)
(Millions of Dollars, shares in thousands)

	September 30, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 8**	$ 22
Accounts receivable (less reserve: 2021, $1; 2020, $1)		
Customer	**158**	156
Other	**7**	30
Unbilled revenues (less reserve: 2021, $1; 2020, $1)	**80**	97
Accounts receivable from affiliates	**—**	1
Fuel, materials and supplies	**120**	123
Prepayments	**18**	15
Regulatory assets	**4**	36
Other current assets	**—**	1
Total Current Assets	**395**	481
Property, Plant and Equipment		
Regulated utility plant	**9,093**	8,808
Less: accumulated depreciation - regulated utility plant	**1,892**	1,690
Regulated utility plant, net	**7,201**	7,118
Construction work in progress	**393**	321
Property, Plant and Equipment, net	**7,594**	7,439
Other Noncurrent Assets		
Regulatory assets	**414**	370
Goodwill	**607**	607
Other intangibles	**23**	26
Other noncurrent assets	**155**	149
Total Other Noncurrent Assets	**1,199**	1,152
Total Assets	**$ 9,188**	$ 9,072

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

CONDENSED BALANCE SHEETS
Kentucky Utilities Company
(Unaudited)
(Millions of Dollars, shares in thousands)

	September 30, 2021	December 31, 2020
Liabilities and Equity		
Current Liabilities		
Short-term debt	$ —	$ 203
Long-term debt due within one year	—	132
Notes payable to affiliates	208	—
Accounts payable	92	121
Accounts payable to affiliates	44	43
Customer deposits	32	32
Taxes	38	29
Regulatory liabilities	11	11
Interest	44	19
Asset retirement obligations	29	40
Other current liabilities	48	59
Total Current Liabilities	546	689
Long-term Debt	2,618	2,486
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	856	835
Investment tax credits	87	88
Asset retirement obligations	83	75
Regulatory liabilities	1,057	1,070
Other deferred credits and noncurrent liabilities	44	47
Total Deferred Credits and Other Noncurrent Liabilities	2,127	2,115
Commitments and Contingent Liabilities (Notes 7 and 11)		
Stockholder's Equity		
Common stock - no par value (a)	308	308
Additional paid-in capital	2,917	2,857
Earnings reinvested	672	617
Total Equity	3,897	3,782
Total Liabilities and Equity	$ 9,188	$ 9,072

(a) 80,000 shares authorized; 37,818 shares issued and outstanding at September 30, 2021 and December 31, 2020.

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

CONDENSED STATEMENTS OF EQUITY
Kentucky Utilities Company
(Unaudited)
(Millions of Dollars)

	Common stock shares outstanding (a)		Common stock		Additional paid-in capital		Earnings reinvested		Total
June 30, 2021	37,818	$	308	$	2,917	$	648	$	3,873
Net income							99		99
Cash dividends declared on common stock							(75)		(75)
September 30, 2021	37,818	$	308	$	2,917	$	672	$	3,897
December 31, 2020	37,818	$	308	$	2,857	$	617	$	3,782
Net income							241		241
Capital contributions from parent					60				60
Cash dividends declared on common stock							(186)		(186)
September 30, 2021	37,818	$	308	$	2,917	$	672	$	3,897
June 30, 2020	37,818	$	308	$	2,766	$	581	$	3,655
Net income							84		84
Capital contributions from parent					61				61
Cash dividends declared on common stock							(56)		(56)
September 30, 2020	37,818	$	308	$	2,827	$	609	$	3,744
December 31, 2019	37,818	$	308	$	2,729	$	537	$	3,574
Net income							217		217
Capital contributions from parent					98				98
Cash dividends declared on common stock							(145)		(145)
September 30, 2020	37,818	$	308	$	2,827	$	609	$	3,744

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

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

Combined Notes to Condensed Financial Statements (Unaudited)

Index to Combined Notes to Condensed Financial Statements

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

	Registrant			
	PPL	PPL Electric	LG&E	KU
1. Interim Financial Statements	x	x	x	x
2. Summary of Significant Accounting Policies	x	x	x	x
3. Segment and Related Information	x	x	x	x
4. Revenue from Contracts with Customers	x	x	x	x
5. Earnings Per Share	x			
6. Income 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. Defined Benefits	x	x	x	x
11. Commitments and Contingencies	x	x	x	x
12. Related Party Transactions		x	x	x
13. Other Income (Expense) - net	x			
14. Fair Value Measurements	x	x	x	x
15. Derivative Instruments and Hedging Activities	x	x	x	x
16. Asset Retirement Obligations	x		x	x
17. Accumulated Other Comprehensive Income (Loss)	x			

1. Interim Financial Statements

(All Registrants)

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

The accompanying unaudited condensed financial statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X and, therefore, do not include all of the information and footnote disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation in accordance with GAAP are reflected in the condensed financial statements. All adjustments are of a normal recurring nature, except as otherwise disclosed. Each Registrant's Balance Sheet at December 31, 2020 is derived from that Registrant's 2020 audited Balance Sheet. The financial statements and notes thereto should be read in conjunction with the financial statements and notes contained in each Registrant's 2020 Form 10-K. The results of operations for the three and nine months ended September 30, 2021 are not necessarily indicative of the results to be expected for the full year ending December 31, 2021 or other future periods, because results for interim periods can be disproportionately influenced by various factors, developments and seasonal variations.

(PPL)

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 have been 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.

2. Summary of Significant Accounting Policies

(All Registrants)

The following accounting policy disclosures represent updates to Note 1 in each Registrant's 2020 Form 10-K and should be read in conjunction with those disclosures.

Restricted Cash and Cash Equivalents *(PPL)*

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 that sum to the total of the same amounts shown on the Statements of Cash Flows:

	PPL	
	September 30, 2021	December 31, 2020
Cash and cash equivalents	$ 4,767	$ 442
Restricted cash - current (a)	1	1
Total Cash, Cash Equivalents and Restricted Cash	$ 4,768	$ 443

(a) 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. On the Balance Sheets, the current portion of restricted cash is included in "Other current assets."

Current Expected Credit Losses

(All Registrants)

The following table shows changes in the allowance for credit losses for the nine months ended September 30, 2021:

	Balance at Beginning of Period	Charged to Income	Deductions (a)	Balance at End of Period
PPL				
Accounts Receivable - Customer and Unbilled Revenue (c)	$ 44	$ 9	$ 17	$ 36
Other (b)	28	1	—	29
PPL Electric				
Accounts Receivable - Customer and Unbilled Revenue (c)	$ 39	$ 4	$ 11	$ 32
Other	1	—	—	1
LG&E				
Accounts Receivable - Customer and Unbilled Revenue	$ 3	$ 1	$ 2	$ 2
Other	—	1	—	1
KU				
Accounts Receivable - Customer and Unbilled Revenue	$ 2	$ 4	$ 4	$ 2

(a) Primarily related to uncollectible accounts receivable written off.
(b) Primarily related to receivables at Western Kentucky Energy Corp., a subsidiary of LKE, which are fully reserved.
(c) Includes $5 million related to Noncurrent Accounts Receivable – Customer included in "Other noncurrent assets" on the PPL and PPL Electric Balance Sheets at September 30, 2021.

Income Taxes

The TCJA included new provisions requiring that certain income, referred to as global intangible low-tax income (GILTI), earned by certain foreign subsidiaries must be included in the gross income of their U.S. shareholder. Accounting guidance allows a 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.

In light of the disposition of PPL's U.K. utility business, indefinite reinvestment is no longer relevant. As such, PPL realized the outside book-tax basis difference in those assets. Accordingly, in June 2021, a current tax liability was recorded to reflect the estimated tax cost associated with the realization of that basis difference.

See Note 6 for additional discussion regarding income taxes.

Asset Impairment (Excluding Investments)

(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 $49 million are included in "Other noncurrent assets" on PPL's Balance Sheet at September 30, 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, however, a goodwill impairment charge could occur in future periods if there is a degradation of expected future cash flows or unfavorable movements in discount rates or market multiples used in determining fair value.

3. Segment and Related Information

(PPL)

See Note 2 in PPL's 2020 Form 10-K for a discussion of reportable segments and related information.

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 periods ended September 30 are as follows:

	Three Months 2021	Three Months 2020	Nine Months 2021	Nine Months 2020
Operating Revenues from external customers				
Kentucky Regulated	$ 879	$ 806	$ 2,505	$ 2,331
Pennsylvania Regulated	627	586	1,769	1,748
Corporate and Other	6	8	24	24
Total	$ 1,512	$ 1,400	$ 4,298	$ 4,103
Net Income				
Kentucky Regulated (a)	$ 159	$ 129	$ 389	$ 330
Pennsylvania Regulated (a)	126	135	335	371
Corporate and Other (a)(b)(c)	(76)	(147)	(848)	(227)
Discontinued Operations (d)	(2)	164	(1,490)	705
Total	$ 207	$ 281	$ (1,614)	$ 1,179

(a) 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 three and nine months ended September 30, 2020, corporate level financing costs of $8 million, net of $2 million of income taxes, and $25 million, net of $6 million of income taxes, were allocated to the Kentucky Regulated segment. For the three and nine months ended September 30, 2020, an immaterial amount of financing costs were allocated to the Pennsylvania Regulated segment.
(b) The amounts for the periods ended September 30, 2020 have been adjusted for certain costs that were previously included in the U.K. Regulated segment.
(c) 2021 includes losses from the extinguishment of PPL Capital Funding debt. See Note 8 for additional information.
(d) See Note 9 for additional information.

The following provides Balance Sheet data for the segments and reconciliation to PPL's consolidated Balance Sheets as of:

	September 30, 2021	December 31, 2020
Assets		
Kentucky Regulated	$ 16,250	$ 15,943
Pennsylvania Regulated	13,350	12,347
Corporate and Other (a)	4,571	843
Assets Held for Sale (b)	—	18,983
Total	$ 34,171	$ 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, distribution and transmission, which are aggregated into a single reportable segment. LG&E and KU are individually single operating and reportable segments.

4. Revenue from Contracts with Customers

(All Registrants)

See Note 3 in the Registrants' 2020 Form 10-K for a discussion of the principal activities from which the Registrants and PPL’s segments generate their revenues.

The following tables reconcile "Operating Revenues" included in each Registrant's Statement of Income with revenues generated from contracts with customers for the periods ended September 30.

	2021 Three Months			
	PPL	PPL Electric	LG&E	KU
Operating Revenues (a)	$ 1,512	$ 627	$ 395	$ 494
Revenues derived from:				
Alternative revenue programs (b)	19	22	(1)	(2)
Other (c)	(4)	—	(2)	(2)
Revenues from Contracts with Customers	$ 1,527	$ 649	$ 392	$ 490

	2020 Three Months			
	PPL	PPL Electric	LG&E	KU
Operating Revenues (a)	$ 1,400	$ 586	$ 363	$ 452
Revenues derived from:				
Alternative revenue programs (b)	(1)	(5)	2	2
Other (c)	(4)	—	(2)	(2)
Revenues from Contracts with Customers	$ 1,395	$ 581	$ 363	$ 452

	2021 Nine Months			
	PPL	PPL Electric	LG&E	KU
Operating Revenues (a)	$ 4,298	$ 1,769	$ 1,165	$ 1,374
Revenues derived from:				
Alternative revenue programs (b)	62	68	(2)	(4)
Other (c)	(15)	—	(7)	(8)
Revenues from Contracts with Customers	$ 4,345	$ 1,837	$ 1,156	$ 1,362

	2020 Nine Months			
	PPL	PPL Electric	LG&E	KU
Operating Revenues (a)	$ 4,103	$ 1,748	$ 1,092	$ 1,272
Revenues derived from:				
Alternative revenue programs (b)	(12)	(6)	(2)	(4)
Other (c)	(17)	(3)	(6)	(8)
Revenues from Contracts with Customers	$ 4,074	$ 1,739	$ 1,084	$ 1,260

(a) PPL Electric represents revenues from external customers reported by the Pennsylvania Regulated segment and LG&E and KU, net of intercompany power sales and transmission revenues, represent revenues from external customers reported by the Kentucky Regulated segment. Kentucky Regulated segment revenues from contracts with customers were $872 million and $2,484 million for the three and nine month periods ended September 30, 2021 and $806 million and $2,311 million for the three and nine month periods ended September 30, 2020. See Note 3 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 program and gas supply clause incentive mechanism for LG&E, and the generation formula rate for KU. For PPL Electric, the three months and nine months ended September 30, 2021 include a $13 million and $64 million reserve recorded 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 lease and other miscellaneous revenues.

The following tables show revenues from contracts with customers disaggregated by customer class for the periods ended September 30.

	2021 Three Months			
	PPL	PPL Electric	LG&E	KU
Residential	$ 684	$ 324	$ 180	$ 180
Commercial	345	95	123	127
Industrial	168	14	46	108
Other (a)	100	13	37	44
Wholesale - municipality	7	—	—	7
Wholesale - other (b)	20	—	6	24
Transmission	203	203	—	—
Revenues from Contracts with Customers	$ 1,527	$ 649	$ 392	$ 490

	2020 Three Months			
	PPL	PPL Electric	LG&E	KU
Residential	$ 651	$ 303	$ 173	$ 175
Commercial	310	79	112	119
Industrial	156	13	47	96
Other (a)	86	12	28	38
Wholesale - municipality	7	—	—	7
Wholesale - other (b)	11	—	3	17
Transmission	174	174	—	—
Revenues from Contracts with Customers	$ 1,395	$ 581	$ 363	$ 452

	2021 Nine Months			
	PPL	PPL Electric	LG&E	KU
Residential	$ 2,025	$ 964	$ 529	$ 532
Commercial	955	260	351	344
Industrial	474	39	135	300
Other (a)	284	38	102	120
Wholesale - municipality	18	—	—	18
Wholesale - other (b)	53	—	39	48
Transmission	536	536	—	—
Revenues from Contracts with Customers	$ 4,345	$ 1,837	$ 1,156	$ 1,362

	2020 Nine Months			
	PPL	PPL Electric	LG&E	KU
Residential	$ 1,948	$ 937	$ 509	$ 502
Commercial	896	234	336	326
Industrial	434	33	130	271
Other (a)	256	38	84	110
Wholesale - municipality	15	—	—	15
Wholesale - other (b)	28	—	25	36
Transmission	497	497	—	—
Revenues from Contracts with Customers	$ 4,074	$ 1,739	$ 1,084	$ 1,260

(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 the Kentucky Regulated segment.

As discussed in Note 2 in PPL's 2020 Form 10-K, 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.

Contract receivables from customers are primarily included in "Accounts receivable - Customer", "Unbilled revenues", and "Other noncurrent assets" on the Balance Sheets.

The following table shows the accounts receivable and unbilled revenues balances that were impaired for the periods ended September 30.

	Three Months		Nine Months	
	2021	2020	2021	2020
PPL	$ 7	$ 7	$ 9	$ 19
PPL Electric	3	3	4	12
LG&E	1	3	1	4
KU	3	1	4	3

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 at December 31, 2020	$ 40	$ 23	$ 5	$ 6
Contract liabilities at September 30, 2021	37	21	6	6
Revenue recognized during the nine months ended September 30, 2021 that was included in the contract liability balance at December 31, 2020	24	11	5	6
Contract liabilities at December 31, 2019	$ 37	$ 21	$ 5	$ 4
Contract liabilities at September 30, 2020	32	18	5	4
Revenue recognized during the nine months ended September 30, 2020 that was included in the contract liability balance at December 31, 2019	21	9	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 September 30, 2021, PPL had $48 million of performance obligations attributable to Corporate and Other that have not been satisfied. Of this amount, PPL expects to recognize approximately $42 million within the next 12 months.

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 share-based payment awards were converted to common shares as calculated using the Two-Class Method or Treasury Stock Method.

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

	Three Months		Nine Months	
	2021	2020	2021	2020
Income (Numerator)				
Income (loss) from continuing operations after income taxes available to PPL common shareowners - Basic and Diluted	$ 209	$ 117	$ (124)	$ 474
Income (loss) from discontinued operations (net of income taxes) available to PPL common shareowners - Basic and Diluted	$ (2)	$ 164	$ (1,490)	$ 705
Net income (loss) available to PPL common shareowners - Basic and Diluted	$ 207	$ 281	$ (1,614)	$ 1,179
Shares of Common Stock (Denominator)				
Weighted-average shares - Basic EPS	767,733	768,786	768,781	768,502
Add: Dilutive share-based payment awards (a)	2,116	874	—	768
Weighted-average shares - Diluted EPS	769,849	769,660	768,781	769,270
Basic and Diluted EPS				
Available to PPL common shareowners:				
Income from continuing operations after income taxes	$ 0.27	$ 0.15	$ (0.16)	$ 0.62
Income (loss) from discontinued operations (net of income taxes)	—	0.22	(1.94)	0.91
Net Income (Loss) available to PPL common shareowners	$ 0.27	$ 0.37	$ (2.10)	$ 1.53

(a) All share-based payment awards were excluded from dilutive shares under the Treasury Stock Method for the nine months ended September 30, 2021, as their effect would have been anti-dilutive due to the loss from continuing operations.

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

	Three Months		Nine Months	
	2021	2020	2021	2020
Stock-based compensation plans	158	14	816	621
DRIP	—	—	—	943

See Note 8 for common stock repurchased under an authorized share repurchase program.

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

	Three Months		Nine Months	
	2021	2020	2021	2020
Stock-based compensation awards	135	364	2,339	595

6. Income Taxes

Reconciliations of income tax expense (benefit) for the periods ended September 30 are as follows.

(PPL)

	Three Months		Nine Months	
	2021	2020	2021	2020
Federal income tax on Income from Continuing Operations Before Income Taxes at statutory tax rate - 21%	$ 55	$ 59	$ 70	$ 155
Increase (decrease) due to:				
State income taxes, net of federal income tax benefit (a)	17	15	12	39
Valuation allowance adjustments (a)	5	7	39	19
Impact of the U.K. Finance Acts on deferred tax balances (b)	—	104	383	101
Amortization of excess deferred federal and state income taxes	(18)	(11)	(38)	(34)
Federal and state income tax return adjustments	(4)	(9)	(4)	(9)
Other	(4)	—	(7)	(5)
Total increase (decrease)	(4)	106	385	111
Total income tax expense (benefit)	$ 51	$ 165	$ 455	$ 266

(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. Finance Act 2020, formally enacted on July 22, 2020, cancelled the U.K. corporation 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 corporate tax rate reduction was an increase in deferred tax liabilities and a corresponding deferred tax expense of $102 million in the third quarter of 2020.

The U.K. Finance Act 2021, formally enacted on June 10, 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.

PL Electric)

	Three Months		Nine Months	
	2021	2020	2021	2020
leral income tax on Income Before Income Taxes at statutory tax rate - 21%	$ 36	$ 37	$ 95	$ 104
rease (decrease) due to:				
State income taxes, net of federal income tax benefit	13	14	36	39
Federal and state income tax return adjustments	—	(4)	—	(4)
Depreciation and other items not normalized	—	—	(4)	(4)
Amortization of excess deferred federal and state income taxes	(5)	(4)	(11)	(12)
Other	1	1	—	2
Total increase (decrease)	9	7	21	21
al income tax expense (benefit)	$ 45	$ 44	$ 116	$ 125

G&E)

	Three Months		Nine Months	
	2021	2020	2021	2020
leral income tax on Income Before Income Taxes at statutory tax rate - 21%	$ 21	$ 18	$ 53	$ 50
rease (decrease) due to:				
State income taxes, net of federal income tax benefit	4	3	10	9
Amortization of excess deferred federal and state income taxes	(7)	(3)	(13)	(8)
Federal and state income tax return adjustments	—	(2)	—	(2)
Other	(1)	—	(2)	(2)
Total increase (decrease)	(4)	(2)	(5)	(3)
al income tax expense (benefit)	$ 17	$ 16	$ 48	$ 47

U)

	Three Months		Nine Months	
	2021	2020	2021	2020
leral income tax on Income Before Income Taxes at statutory tax rate - 21%	$ 26	$ 22	$ 63	$ 56
rease (decrease) due to:				
State income taxes, net of federal income tax benefit	5	4	12	11
Amortization of excess deferred federal and state income taxes	(6)	(4)	(14)	(12)
Federal and state income tax return adjustments	(1)	(3)	(1)	(3)
Other	(1)	—	(3)	(2)
Total increase (decrease)	(3)	(3)	(6)	(6)
al income tax expense (benefit)	$ 23	$ 19	$ 57	$ 50

Other

Net Operating Loss and Tax Credit Carryforwards (All Registrants)

PPL utilized federal net operating losses of $1,111 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.

7. Utility Rate Regulation

(All Registrants)

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

	PPL		PPL Electric	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Current Regulatory Assets:				
Plant outage costs	$ —	$ 46	$ —	$ —
Gas supply clause	12	4	—	—
Smart meter rider	15	17	15	17
Storm damage expense rider	4	—	4	—
Transmission formula rate	11	15	11	15
Gas line tracker	7	4	—	—
Storm costs	2	7	2	7
Generation formula rate	3	2	—	—
Other	6	4	—	1
Total current regulatory assets	$ 60	$ 99	$ 32	$ 40
Noncurrent Regulatory Assets:				
Defined benefit plans	$ 555	$ 570	$ 274	$ 290
Storm costs	12	17	—	—
Unamortized loss on debt	25	30	4	8
Interest rate swaps	19	23	—	—
Terminated interest rate swaps	71	75	—	—
Accumulated cost of removal of utility plant	232	240	232	240
AROs	312	300	—	—
Plant outage costs	55	—	—	—
Other	5	7	—	3
Total noncurrent regulatory assets	$ 1,286	$ 1,262	$ 510	$ 541

	PPL		PPL Electric	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Current Regulatory Liabilities:				
Generation supply charge	$ 11	$ 21	$ 11	$ 21
Transmission service charge	26	1	26	1
Environmental cost recovery	—	4	—	—
Universal service rider	16	22	16	22
Fuel adjustment clause	—	5	—	—
TCJA customer refund	22	11	22	11
Storm damage expense rider	—	6	—	6
Act 129 compliance rider	7	7	7	7
Transmission formula rate return on equity reserve (a)	64	—	64	—
Economic relief billing credit (b)	38	—	—	—
Other	3	2	—	—
Total current regulatory liabilities	$ 187	$ 79	$ 146	$ 68
Noncurrent Regulatory Liabilities:				
Accumulated cost of removal of utility plant	$ 669	$ 653	$ —	$ —
Power purchase agreement - OVEC	36	43	—	—
Net deferred taxes	1,609	1,690	539	560
Defined benefit plans	74	60	26	18
Terminated interest rate swaps	64	66	—	—
Other	—	18	—	—
Total noncurrent regulatory liabilities	$ 2,452	$ 2,530	$ 565	$ 578

	LG&E		KU	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Current Regulatory Assets:				
Gas supply clause	$ 12	$ 4	$ —	$ —
Gas line tracker	7	4	—	—
Plant outage costs	—	12	—	34
Generation formula rate	—	—	3	2
Other	5	3	1	—
Total current regulatory assets	$ 24	$ 23	$ 4	$ 36
Noncurrent Regulatory Assets:				
Defined benefit plans	$ 175	$ 174	$ 106	$ 106
Storm costs	8	11	4	6
Unamortized loss on debt	13	13	8	9
Interest rate swaps	19	23	—	—
Terminated interest rate swaps	42	44	29	31
AROs	87	85	225	215
Plant outage costs	15	—	40	—
Other	3	1	2	3
Total noncurrent regulatory assets	$ 362	$ 351	$ 414	$ 370

	LG&E		KU	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Current Regulatory Liabilities:				
Environmental cost recovery	$ —	$ —	$ —	$ 4
Fuel adjustment clause	—	—	—	5
Economic relief billing credit (b)	29	—	9	—
Other	1	—	2	2
Total current regulatory liabilities	$ 30	$ —	$ 11	$ 11
Noncurrent Regulatory Liabilities:				
Accumulated cost of removal of utility plant	$ 277	$ 274	$ 392	$ 379
Power purchase agreement - OVEC	25	30	11	13
Net deferred taxes	495	528	575	602
Defined benefit plans	1	—	47	42
Terminated interest rate swaps	32	33	32	33
Other	—	17	—	1
Total noncurrent regulatory liabilities	$ 830	$ 882	$ 1,057	$ 1,070

(a) See “Regulatory Matters - Federal Matters - PPL Electric Transmission Formula Rate Return on Equity” below for additional information.
(b) 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.

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 would be 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. The agreement proposed increases in annual revenues of $217 million ($77 million and $116 million in electricity revenues at LG&E and KU and $24 million in gas revenues at LG&E) based on an authorized return on equity of 9.55%. The proposal included an authorized 9.35% return on equity for the ECR and GLT mechanisms. The agreement did not modify the requested one-year billing credit. The agreement proposed that the KPSC should grant LG&E's and KU's request for a CPCN to deploy Advanced Metering Infrastructure and proposed the establishment of a Retired Asset Recovery rider (RAR) 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, the agreement proposed that LG&E and KU will continue to use currently approved depreciation rates for Mill Creek Units 1 and 2 and Brown Unit 3. The agreement also proposed 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 June 30, 2021, the KPSC issued orders approving the proposed agreement filed in April 2021, with certain modifications. The orders provide for increases in annual revenues of $199 million ($73 million and $106 million in electricity revenues at LG&E and KU and $20 million in gas revenues at LG&E) based on an authorized return on equity of 9.425%. The order grants the requested authorized 9.35% return on equity for the ECR and GLT mechanisms and does not modify the requested one-year billing credit. The orders approve 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 approve the establishment of the RAR rider and accepted the four-year "stay-out". The orders, however, disallowed certain legal costs that were included in the settlement. On July 23, 2021, LG&E and KU filed motions for partial rehearing and clarification of the return on equity, the disallowed legal costs and certain other matters related to the KPSC's orders. On August 12, 2021, the KPSC granted rehearing and clarification of the disallowed legal costs and certain other matters and denied rehearing and clarification of the return on equity. On September 24, 2021, the KPSC issued orders providing adjustments to previous net metering proposals. These adjustments did not impact the previously ordered annual revenue increases. PPL, LG&E and KU cannot predict the outcome of the remaining issues subject to partial rehearing and clarification.

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 (Phase IV Act 129 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.

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.

Refunds will be paid by PPL Electric based on the difference between charges that were calculated using the ROE in effect at the time and reduced charges calculated using the ROE provided for in the Settlement, plus interest at the FERC interest rate. In the three and nine months ended September 30, 2021, PPL Electric recorded a revenue reserve of $13 million ($10 million after-tax) and $64 million ($46 million after-tax) representing revenue subject to refund for the period May 21, 2020 through September 30, 2021. The reserve recorded in the nine months ended September 30, 2021, includes $28 million ($20 million after-tax) related to the period from May 21, 2020 to December 31, 2020.

The Settlement is subject to review and action by the FERC, including approval, denial or modification. PPL Electric cannot predict the outcome of the FERC's review of the Settlement.

While the FERC's review of the settlement is pending, on October 15, 2021, PPL Electric filed a request to the FERC Chief Administrative Law Judge for authorization to implement interim rates to reflect the agreed-to base ROE in the Settlement effective December 1, 2021. The requested interim settlement rates were accepted on October 20, 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. Due to the development of robust, accessible energy markets over time, LG&E and KU believe the mitigation commitments are no longer relevant or appropriate. In March 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, subject to FERC review and approval. In July 2019, LG&E and KU proposed their transition mechanism to the FERC and in September 2019, the FERC rejected the proposed transition mechanism. In September 2020, the FERC issued orders in the rehearing process that modified various aspects of the September 2019 orders which had approved future termination of the credits, including adjusting which customer arrangements are covered by the transition mechanism and respective future periods or dates for termination of credits. In November 2020, the FERC denied the parties' rehearing requests. In November 2020 and January 2021, LG&E and KU and other parties appealed the September 2020 and November 2020 orders at the D.C. Circuit Court of Appeals. The appellate proceedings are continuing, and also include certain additional prior pending petitions for review relating to the matter. On January 15, 2021, LG&E and KU made a filing seeking FERC acceptance of a new proposal for a transition mechanism. On March 16, 2021, the FERC accepted the filed transition mechanism agreements effective on March 17, 2021 but subject to refund, and established hearing and settlement procedures. 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 the three and nine months ended September 30, 2021, PPL Electric purchased $309 million and $883 million of accounts receivable from alternative suppliers. During the three and nine months ended September 30, 2020, PPL Electric purchased $303 million and $854 million 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 act as a backstop to commercial paper programs. For reporting purposes, on a consolidated basis, PPL's arrangements listed below include the credit facilities and commercial paper programs of PPL Electric, LG&E and KU. 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:

	September 30, 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	Jan. 2024	$ 1,450	$ —	$ —	$ 1,450	$ —	$ 402
Bilateral Credit Facility	Mar. 2022	50	—	—	50	—	—
Bilateral Credit Facility	Mar. 2022	50	—	15	35	—	15
Term Loan Credit Facility	Mar. 2022	—	—	—	—	100	—
Term Loan Credit Facility	Mar. 2021	—	—	—	—	100	—
Term Loan Credit Facility	Mar. 2021	—	—	—	—	200	—
Total PPL Capital Funding Credit Facilities		$ 1,550	$ —	$ 15	$ 1,535	$ 400	$ 417
PPL Electric							
Syndicated Credit Facility	Jan. 2024	$ 650	$ —	$ 1	$ 649	$ —	$ 1
LG&E							
Syndicated Credit Facility	Jan. 2024	$ 500	$ —	$ —	$ 500	$ —	$ 262
KU							
Syndicated Credit Facility	Jan. 2024	$ 400	$ —	$ —	$ 400	$ —	$ 203

PPL Capital Funding, 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:

	September 30, 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)		425	—	425	0.28%	262
KU		350	—	350	0.28%	203
Total		$ 2,925	$ —	$ 2,925		$ 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 12 for discussion of intercompany borrowings.

Long-term Debt

(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 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, as permitted under loan documents. 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, as permitted under loan documents. 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.

(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)

Equity Securities

Share Repurchase

In August 2021, PPL's Board of Directors authorized share repurchases of up to $3 billion of PPL common shares. PPL currently expects to repurchase approximately $1 billion by the end of 2021. 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 three and nine months ended September 30, 2021, PPL repurchased 9.6 million shares at a cost of $282 million.

From October 1 to October 31, 2021, PPL repurchased an additional 9.4 million shares at a cost of $269 million.

Commission fees incurred, which have been included in the cost of repurchases above, were insignificant through October 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 nine months ended September 30, 2021. The ATM program expired in February 2021.

Distributions

In August 2021, PPL declared a quarterly common stock dividend, payable October 1, 2021, of 41.5 cents per share (equivalent to $1.66 per annum). Future dividends, declared at the discretion of the Board of Directors, will depend upon future earnings, cash flows, financial and legal requirements and other factors.

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 are 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 11 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 nine month period ended September 30, 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 periods ended September 30:

	Three Months		Nine Months	
	2021	2020	2021	2020
Operating Revenues	$ —	$ 485	$ 1,344	$ 1,575
Operating Expenses	—	235	466	684
Other Income (Expense) - net	—	46	202	242
Interest Expense (a)	—	88	209	271
Income before income taxes	—	208	871	862
Gain (Loss) on sale	—	—	(1,609)	—
Income taxes	2	44	752	157
Income (Loss) from Discontinued Operations (net of income taxes)	$ (2)	$ 164	$ (1,490)	$ 705

(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 are 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, which is currently expected to occur by March 2022, 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. The Massachusetts Department of Public Utilities granted a waiver of jurisdiction with respect to the acquisition on July 16, 2021. 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 and waiver remain subject to any applicable appeal periods. The remaining required regulatory approval from the Rhode Island Division of Public Utilities and Carriers is proceeding as expected.

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. Defined Benefits

(PPL)

Certain net periodic defined benefit costs are applied to accounts that are further distributed among capital, expense, regulatory assets and regulatory liabilities, including certain costs allocated to applicable subsidiaries for plans sponsored by PPL Services and LKE. Following are the net periodic defined benefit costs (credits) of the plans sponsored by PPL and its subsidiaries for the periods ended September 30:

	Pension Benefits			
	Three Months		Nine Months	
	2021	2020	2021	2020
PPL				
Service cost	$ 14	$ 14	$ 42	$ 42
Interest cost	30	35	91	109
Expected return on plan assets	(64)	(62)	(191)	(185)
Amortization of:				
Prior service cost	2	3	6	7
Actuarial loss	21	23	70	67
Net periodic defined benefit costs (credits) before settlements	3	13	18	40
Settlements (a)	14	13	14	13
Net periodic defined benefit costs (credits)	$ 17	$ 26	$ 32	$ 53

(a) Settlement charges were incurred due to 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 over fifteen years.

		Other Postretirement Benefits			
		Three Months		Nine Months	
		2021	2020	2021	2020
L					
vice cost	$	$2	$2	$5	5
erest cost		4	4	12	14
pected return on plan assets		(6)	(5)	(18)	(16)
nortization of:					
rior service cost		—	—	1	1
ctuarial loss		(1)	—	(1)	—
periodic defined benefit costs	$	$(1)	$1	$(1)	4

(PPL Electric, LG&E and KU)

PPL Electric is allocated costs of defined benefit plans sponsored by PPL Services and LG&E and KU are allocated costs of defined benefit plans sponsored by LKE. LG&E and KU are also allocated costs of defined benefit plans from LKS for defined benefit plans sponsored by LKE. See Note 12 for additional information on costs allocated to LG&E and KU from LKS. These allocations are based on participation in those plans, which management believes are reasonable. For the periods ended September 30, PPL Services allocated the following net periodic defined benefit costs to PPL Electric, and LKE allocated the following net periodic defined benefit costs to LG&E and KU:

	Three Months		Nine Months	
	2021	2020	2021	2020
PPL Electric	$ —	$ 3	$ 2	$ 9
LG&E	6	9	7	14
KU	1	4	—	5

(All Registrants)

The non-service cost components of net periodic defined benefit costs (credits) (interest cost, expected return on plan assets, amortization of prior service cost and amortization of actuarial gain and loss) are presented in "Other Income (Expense) - net" on the Statements of Income. See Note 13 for additional information.

11. Commitments and Contingencies

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.

Talen Litigation *(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 a 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 Talen's 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 a trial has been scheduled for February 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.

(PPL and LG&E)

Cane Run Environmental Claims

In December 2013, six residents, on behalf of themselves and others similarly situated, filed a class action complaint against LG&E and PPL in the U.S. District Court for the Western District of Kentucky (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 seek 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. LG&E has agreed to a settlement with each of the three remaining petitioners for an amount that will not have a significant impact on LG&E's operations or financial condition.

(PPL and KU)

E.W. Brown Environmental Claims

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. The KEEC will review the submitted SRAA report.

Air

Sulfuric Acid Mist Emissions (PPL and LG&E)

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 June 2021, the U.S. District Court approved the parties' request for a three-month stay in connection with settlement discussions occurring among the parties. 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 are currently in the process of obtaining required approvals from the U.S. Department of Justice, the U.S. District Court, the EPA and Louisville Metro Air Pollution Control District for the resulting consent decree. 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 initiative 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 unable to predict the outcome of the ongoing litigation and rulemaking 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 16 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 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.

As of September 30, 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

(*All Registrants)*

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

Labor Union Agreements

(PPL and PPL Electric)

For PPL and PPL Electric, labor agreement negotiations with the IBEW are expected to commence in the first quarter of 2022. The current five-year agreement expires in May 2022.

(KU)

KU has 70 employees that are represented by the IBEW labor union. On August 1, 2021, KU and the IBEW ratified a three-year labor agreement through August 2024. The terms of the new labor agreement are not expected to have a significant impact on the financial results of KU.

Guarantees and Other Assurances

(All Registrants)

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

(PPL)

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

(All Registrants)

The table below details guarantees provided as of September 30, 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 September 30, 2021	Expiration Date
PPL		
Indemnifications related to the sale of the U.K. utility business	£ 7,881 (a)	2021
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 includes 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 is the amount paid to PPL WPD Limited at closing.

(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 $94 million at September 30, 2021, consisting of LG&E's share of $65 million and KU's share of $29 million. The maximum exposure and the expiration date of these potential obligations are not presently determinable. See "Energy Purchase Commitments" in Note 14 in PPL's, LG&E's and KU's 2020 Form 10-K 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 and markets. 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 included quarantines, stay-at-home orders, travel restrictions, reduced operations or closures of businesses, schools and governmental agencies, and legislative or regulatory actions to address health or other pandemic-related concerns. Many restrictions that had been imposed are in the process of being 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.

12. Related Party Transactions

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

PPL Services, PPL EU Services and LKS provide the Registrants, their respective subsidiaries 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 periods ended September 30, 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.

	Three Months		Nine Months	
	2021	2020	2021	2020
PPL Electric from PPL Services	$ 15	$ 11	$ 36	$ 37
PPL Electric from PPL EU Services	48	44	147	126
LG&E from LKS	40	43	126	125
KU from LKS	43	45	132	132

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 September 30, 2021, PPL Energy Funding had borrowings outstanding in the amount of $575 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 and KU)

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 September 30, 2021, LG&E had borrowings outstanding from LKE in the amount of $284 million. This balance is reflected in "Notes payable to affiliates" on the LG&E balance sheets. No balances were outstanding at December 31, 2020.

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 September 30, 2021, KU had borrowings outstanding from LKE in the amount of $208 million. This balance is reflected in "Notes payable to 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 PPL Electric's 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 $14 million as of September 30, 2021, of which $10 million was reflected in "Accounts receivable from affiliates" and $4 million was reflected in "Other noncurrent assets" on the PPL Electric Balance Sheet. 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 PPL Electric balance sheets.

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

See Note 10 for discussions regarding intercompany allocations associated with defined benefits.

13. Other Income (Expense) - net

(PPL)

The details of "Other Income (Expense) - net" for the periods ended September 30, were:

	Three Months		Nine Months	
	2021	2020	2021	2020
Other Income				
Defined benefit plans - non-service credits (Note 10)	$ 6	$ 1	$ 18	$ 4
Interest Income	6	—	10	1
AFUDC - equity component	4	7	13	15
Miscellaneous	2	1	7	3
Total Other Income	18	9	48	23
Other Expense				
Charitable contributions	—	—	2	2
Miscellaneous	6	3	21	10
Total Other Expense	6	3	23	12
Other Income (Expense) - net	$ 12	$ 6	$ 25	$ 11

14. 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 in each Registrant's 2020 Form 10-K for information on the levels in the fair value hierarchy.

Recurring Fair Value Measurements

The assets and liabilities measured at fair value were:

	September 30, 2021				December 31, 2020			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
PPL								
Assets								
Cash and cash equivalents	$ 4,767	$ 4,767	$ —	$ —	$ 442	$ 442	$ —	$ —
Restricted cash and cash equivalents (a)	1	1	—	—	1	1	—	—
Special use funds (a):								
Money market fund	3	3	—	—	—	—	—	—
Commingled debt fund measured at NAV (b)	23	—	—	—	26	—	—	—
Commingled equity fund measured at NAV (b)	20	—	—	—	25	—	—	—
Total special use funds	46	3	—	—	51	—	—	—
Total assets	$ 4,814	$ 4,771	$ —	$ —	$ 494	$ 443	$ —	$ —
Liabilities								
Price risk management liabilities (c):								
Interest rate swaps	$ 19	$ —	$ 19	$ —	$ 23	$ —	$ 23	$ —
Total price risk management liabilities	$ 19	$ —	$ 19	$ —	$ 23	$ —	$ 23	$ —

	September 30, 2021				December 31, 2020			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
PPL Electric								
Assets								
Cash and cash equivalents	$ 59	$ 59	$ —	$ —	$ 40	$ 40	$ —	$ —
Total assets	$ 59	$ 59	$ —	$ —	$ 40	$ 40	$ —	$ —
LG&E								
Assets								
Cash and cash equivalents	$ 5	$ 5	$ —	$ —	$ 7	$ 7	$ —	$ —
Total assets	$ 5	$ 5	$ —	$ —	$ 7	$ 7	$ —	$ —
Liabilities								
Price risk management liabilities:								
Interest rate swaps	$ 19	$ —	$ 19	$ —	$ 23	$ —	$ 23	$ —
Total price risk management liabilities	$ 19	$ —	$ 19	$ —	$ 23	$ —	$ 23	$ —
KU								
Assets								
Cash and cash equivalents	$ 8	$ 8	$ —	$ —	$ 22	$ 22	$ —	$ —
Total assets	$ 8	$ 8	$ —	$ —	$ 22	$ 22	$ —	$ —

(a) Included in "Other current 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 Balance Sheets.
(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 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. The funds are invested primarily in commingled debt and equity funds measured at NAV and are classified as investments in equity securities. Changes in fair value of the funds are recorded to the Statements 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 used 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.

	September 30, 2021		December 31, 2020	
	Carrying Amount (a)	Fair Value	Carrying Amount (a)	Fair Value
PPL	$ 11,139	$ 13,091	$ 14,689	$ 17,774
PPL Electric	4,483	5,296	4,236	5,338
LG&E	2,006	2,387	2,007	2,499
KU	2,618	3,157	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.

15. 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)

- Prior to the sale of the U.K. utility business on June 14, 2021, 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.

- Prior to the sale of the U.K. utility business on June 14, 2021, WPD was exposed to volumetric risk which was significantly mitigated as a result of the method of regulation in the U.K. Under the RIIO-ED1 price control regulations, recovery of such exposure occurs on a two year lag. See Note 1 in PPL's 2020 Form 10-K for additional information on revenue recognition under RIIO-ED1.
- 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 at 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.
- PPL is exposed to equity securities price risk from future stock sales and/or purchases.

Credit Risk

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

PPL is exposed to credit risk from "in-the-money" interest rate derivatives with financial institutions, 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 September 30, 2021 and December 31, 2020.

PPL had no obligation to post cash collateral under master netting arrangements at September 30, 2021 and December 31, 2020.

LG&E and KU had no obligation to return cash collateral under master netting arrangements at September 30, 2021 and December 31, 2020.

LG&E and KU had no obligation to post cash collateral under master netting arrangements at September 30, 2021 and December 31, 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 September 30, 2021.

As of September 30, 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 the three and nine months ended September 30, 2021 and 2020, PPL had no cash flow hedges reclassified into earnings associated with discontinued cash flow hedges.

At September 30, 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 September 30, 2021, LG&E held contracts with a notional amount of $64 million that mature in 2033.

Foreign Currency Risk *(PPL)*

Prior to the sale of the U.K. utility business on June 14, 2021, PPL was exposed to foreign currency risk, primarily through investments in and earnings of U.K. affiliates. PPL had 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

Prior to the sale of the U.K. utility business on June 14, 2021, 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 September 30, 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

Prior to the sale of the U.K. utility business on June 14, 2021, PPL entered into foreign currency contracts on behalf of a subsidiary to economically hedge GBP-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 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 September 30, 2021 and December 31, 2020.

See Note 1 in each Registrant's 2020 Form 10-K 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.

	September 30, 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:								
Interest rate swaps (a) (b)	$ —	$ —	$ —	$ 2	$ —	$ —	$ —	$ 2
Cross-currency swaps (c)	—	—	—	—	94	—	—	—
Foreign currency contracts (c)	—	—	—	—	—	—	—	137
Total current	—	—	—	2	94	—	—	139
Noncurrent:								
Price Risk Management								
Assets/Liabilities:								
Interest rate swaps (a) (b)	—	—	—	17	—	—	—	21
Cross-currency swaps (c)	—	—	—	—	52	—	—	—
Total noncurrent	—	—	—	17	52	—	—	21
Total derivatives	$ —	$ —	$ —	$ 19	$ 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 Sheets.

The following tables present the pre-tax effect of derivative instruments recognized in income, OCI or regulatory assets and regulatory liabilities for the period ended September 30, 2021.

Derivative Relationships	Three Months: Derivative Gain (Loss) Recognized in OCI	Nine Months: Derivative Gain (Loss) Recognized in OCI	Location of Gain (Loss) Recognized in Income on Derivative	Three Months: Gain (Loss) Reclassified from AOCI into Income	Nine Months: Gain (Loss) Reclassified from AOCI into Income
Cash Flow Hedges:					
Interest rate swaps	$ —	$ —	Interest expense	$ (1)	$ 12
			Income (Loss) from Discontinued Operations (net of taxes)	—	(2)
Cross-currency swaps	—	(50)	Income (Loss) from Discontinued Operations (net of taxes)	—	(39)
Total	$ —	$ (50)		$ (1)	$ (29)

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Three Months	Nine Months
Foreign currency contracts	Income (Loss) from Discontinued Operations (net of taxes)	$ —	$ (266)
Interest rate swaps	Interest expense	—	(2)
	Total	$ —	$ (268)

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized as Regulatory Liabilities/Assets	Three Months	Nine Months
Interest rate swaps	Regulatory assets - noncurrent	$ 1	$ 4

The following tables present the pre-tax effect of derivative instruments recognized in income, OCI or regulatory assets and regulatory liabilities for the period ended September 30, 2020.

Derivative Relationships	Three Months	Nine Months	Location of Gain (Loss) Recognized in Income on Derivative	Three Months	Nine Months
	Derivative Gain (Loss) Recognized in OCI	Derivative Gain (Loss) Recognized in OCI		Gain (Loss) Reclassified from AOCI into Income	Gain (Loss) Reclassified from AOCI into Income
Cash Flow Hedges:					
Interest rate swaps	$ 3	$ (7)	Interest expense	$ (3)	$ (7)
			Income (Loss) from Discontinued Operations (net of taxes)	(1)	(2)
Cross-currency swaps	(67)	(13)	Income (Loss) from Discontinued Operations (net of taxes)	(56)	(24)
Total	$ (64)	$ (20)		$ (60)	$ (33)
Net Investment Hedges:					
Foreign currency contracts in discontinued operations	$ —	$ 1			

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Three Months	Nine Months
Foreign currency contracts	Income (Loss) from Discontinued operations (net of taxes)	$ (19)	$ 44
Interest rate swaps	Interest expense	(1)	(4)
	Total	$ (20)	$ 40

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized as Regulatory Liabilities/Assets	Three Months	Nine Months
Interest rate swaps	Regulatory assets - noncurrent	$ 2	$ (5)

The following table presents the effect of cash flow hedge activity on the Statement of Income for the period ended September 30, 2021.

	Location and Amount of Gain (Loss) Recognized in Income on Hedging Relationships			
	Three Months		Nine Months	
	Interest Expense	Income (Loss) from Discontinued Operations (net of income taxes)	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	$ 183	$ (2)	$ 810	$ (1,490)
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	(1)	—	12	(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 period ended September 30, 2020.

	Location and Amount of Gain (Loss) Recognized in Income on Hedging Relationships			
	Three Months		Nine Months	
	Interest Expense	Income (Loss) from Discontinued Operations (net of taxes)	Interest Expense	Income (Loss) from Discontinued Operations (net of taxes)
Total income and expense line items presented in the income statement in which the effect of cash flow hedges are recorded	$ 161	$ 164	$ 479	$ 705
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	(3)	(1)	(7)	(2)
Cross-currency swaps:				
Hedged items	—	56	—	24
Amount of gain (loss) reclassified from AOCI to Income	—	(56)	—	(24)

(LG&E)

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

	September 30, 2021		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Current:				
Price Risk Management				
Assets/Liabilities:				
Interest rate swaps	$ —	$ 2	$ —	$ 2
Total current	—	2	—	2
Noncurrent:				
Price Risk Management				
Assets/Liabilities:				
Interest rate swaps	—	17	—	21
Total noncurrent	—	17	—	21
Total derivatives	$ —	$ 19	$ —	$ 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 for the period ended September 30, 2021.

Derivative Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Three Months	Nine Months
Interest rate swaps	Interest expense	$ —	$ (2)

Derivative Instruments	Location of Gain (Loss) Recognized in Regulatory Assets	Three Months	Nine Months
Interest rate swaps	Regulatory assets - noncurrent	$ 1	$ 4

The following tables present the pre-tax effect of derivatives not designated as cash flow hedges that are recognized in income or regulatory assets for the period ended September 30, 2020.

Derivative Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Three Months	Nine Months
Interest rate swaps	Interest expense	$ (1)	$ (4)

Derivative Instruments	Location of Gain (Loss) Recognized in Regulatory Assets	Three Months	Nine Months
Interest rate swaps	Regulatory assets - noncurrent	$ 2	$ (5)

(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
September 30, 2021								
Treasury Derivatives								
PPL	$ —	$ —	$ —	$ —	$ 19	$ —	$ —	$ 19
LG&E	—	—	—	—	19	—	—	19

	Assets				Liabilities			
		Eligible for Offset				Eligible for Offset		
	Gross	Derivative Instruments	Cash Collateral Received	Net	Gross	Derivative Instruments	Cash Collateral Pledged	Net
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 September 30, 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.

16. Asset Retirement Obligations

(PPL, LG&E and KU)

PPL's, LG&E's and KU's ARO liabilities are primarily related to CCR closure costs. See Note 11 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. ARO regulatory assets associated with certain CCR projects are amortized to expense in accordance with regulatory approvals. For other AROs, at the time of retirement, the related ARO regulatory asset is offset against the associated cost of removal regulatory liability, PP&E and ARO liability.

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

	PPL	LG&E	KU
Balance at December 31, 2020	$ 182	$ 67	$ 115
Accretion	12	4	8
Changes in estimated timing or cost	50	34	16
Obligations settled	(43)	(16)	(27)
Balance at September 30, 2021	$ 201	$ 89	$ 112

17. Accumulated Other Comprehensive Income (Loss)

(PPL)

The after-tax changes in AOCI by component for the periods ended September 30 were as follows.

	Foreign currency translation adjustments	Unrealized gains (losses) on qualifying derivatives	Defined benefit plans: Prior service costs	Defined benefit plans: Actuarial gain (loss)	Total
PPL					
June 30, 2021	$ —	$ —	$ (15)	$ (176)	$ (191)
Amounts arising during the period	—	—	—	(12)	(12)
Reclassifications from AOCI	—	1	9	10	20
Net OCI during the period	—	1	9	(2)	8
September 30, 2021	$ —	$ 1	$ (6)	$ (178)	$ (183)
December 31, 2020	$ (1,158)	$ —	$ (16)	$ (3,046)	$ (4,220)
Amounts arising during the period	372	(39)	—	(18)	315
Reclassifications from AOCI	—	25	2	117	144
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 period	1,158	1	10	2,868	4,037
September 30, 2021	$ —	$ 1	$ (6)	$ (178)	$ (183)
June 30, 2020	$ (1,777)	$ 8	$ (16)	$ (2,817)	$ (4,602)
Amounts arising during the period	643	(52)	—	(16)	575
Reclassifications from AOCI	—	48	—	52	100
Net OCI during the period	643	(4)	—	36	675
September 30, 2020	$ (1,134)	$ 4	$ (16)	$ (2,781)	$ (3,927)
December 31, 2019	$ (1,425)	$ (5)	$ (18)	$ (2,910)	$ (4,358)
Amounts arising during the period	291	(16)	—	(17)	258
Reclassifications from AOCI	—	25	2	146	173
Net OCI during the period	291	9	2	129	431
September 30, 2020	$ (1,134)	$ 4	$ (16)	$ (2,781)	$ (3,927)

The following table presents PPL's gains (losses) and related income taxes for reclassifications from AOCI for the periods ended September 30.

Details about AOCI	Three Months 2021	Three Months 2020	Nine Months 2021	Nine Months 2020	Affected Line Item on the Statements of Income
Qualifying derivatives					
Interest rate swaps	$ (1)	$ (3)	$ 12	$ (7)	Interest Expense
	—	(1)	(2)	(2)	Income (Loss) from Discontinued Operations (net of income taxes)
Cross-currency swaps	—	(56)	(39)	(24)	Income (Loss) from Discontinued Operations (net of income taxes)
Total Pre-tax	(1)	(60)	(29)	(33)	
Income Taxes	—	12	4	8	
Total After-tax	(1)	(48)	(25)	(25)	
Defined benefit plans					
Prior service costs (a)	(12)	(1)	(3)	(3)	
Net actuarial loss (a)	(14)	(64)	(147)	(181)	
Total Pre-tax	(26)	(65)	(150)	(184)	
Income Taxes	7	13	31	36	
Total After-tax	(19)	(52)	(119)	(148)	
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 period	$ (20)	$ (100)	$ (3,722)	$ (173)	

(a) These AOCI components are included in the computation of net periodic defined benefit cost. See Note 10 for additional information.

Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations

(All Registrants)

This "Item 2. 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' Condensed Consolidated Financial Statements and the accompanying Notes and with the Registrants' 2020 Form 10-K. 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 the three and nine months ended September 30, 2021 with the same periods in 2020. The 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 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 update to PPL's critical accounting policies disclosed in PPL's 2020 Form 10-K.

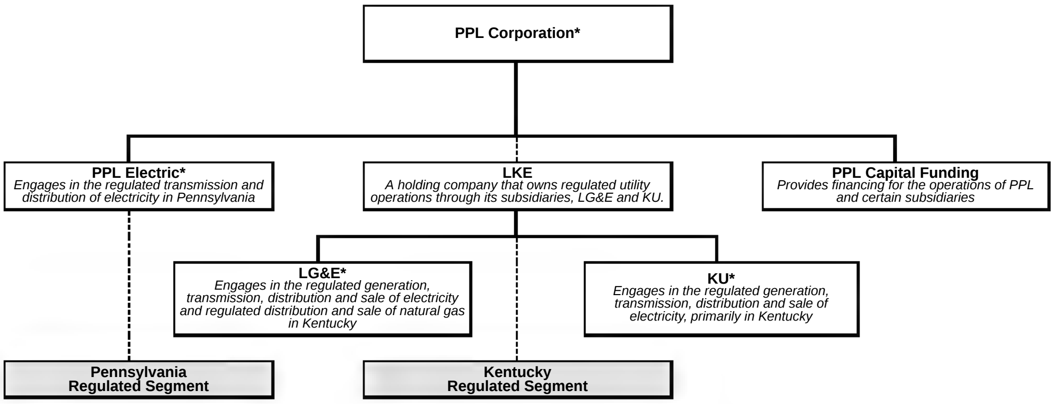
Overview

Introduction

(PPL)

PPL, headquartered in Allentown, Pennsylvania, is a utility holding company. 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 are shown below (* denotes a Registrant).



PPL's reportable segments' results primarily represent the results of LKE and PPL Electric, except that in 2020 the reportable segments were also allocated certain corporate level financing and other costs that were not included in the results of LKE and PPL Electric. In 2021, corporate level financing costs are no longer being allocated to the reportable segments.

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

(PPL Electric)

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.

(LG&E)

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.

(KU)

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.

Business Strategy

(All Registrants)

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 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," "Share Purchase Agreement to Acquire Narragansett Electric" and "Use of Proceeds from the Sale of the U.K. Utility Business" 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 are 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, which is currently expected to occur by March 2022, is subject to the receipt of certain U.S. regulatory approvals or waivers, and other customary conditions to closing. To date, four of the five required regulatory approvals or waivers have been received. The regulatory approvals and waiver remain subject to any applicable appeal periods. The remaining required regulatory approval from the Rhode Island Division of Public Utilities and Carriers is proceeding as expected. 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.

Use of Proceeds from the Sale of the U.K. Utility Business (All Registrants)

PPL announced its intent to use the proceeds from the sale of the U.K. utility business to acquire Narragansett Electric, as discussed above, further strengthen its balance sheet and enhance opportunities for growth. The announcement included plans to reduce outstanding debt, to repurchase shares and invest in incremental capital at PPL's utilities or in renewables.

To date, the following actions have been taken:

- PPL Capital Funding paid $3.876 billion to tender and/or redeem an aggregate total of $3.484 billion of outstanding debt during June and July of 2021, resulting in a loss on extinguishment of $73 million and $395 million for the three and nine months ended September 30, 2021. See "Long Term Debt" in Note 8 to the Financial Statements for additional information.
- PPL's Board of Directors authorized share repurchases of up to $3 billion of PPL common shares. PPL currently expects to repurchase $1 billion of shares by the end of 2021. During the three and nine months ended September 30, 2021, PPL repurchased 9.6 million shares at a cost of $282 million. From October 1 to October 31, 2021, PPL repurchased an additional 9.4 million shares at a cost of $269 million. See "Equity Securities" in Note 8 to the Financial Statements for additional information.
- PPL continues to develop its capital expenditure plans and currently is considering plans to invest at least $1 billion in additional regulated utility capital expenditures through 2025 needed to maintain and improve reliability and resiliency, to support modernization and to advance a sustainable energy future. Capital expenditure plans must be reviewed and approved by the Board of Directors, therefore, the amounts and dates noted are subject to change.

PPL will continue to evaluate the best use of proceeds to maximize shareowner value.

(PPL)

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

The U.K. Finance Act 2021, formally enacted on June 10, 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.

(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, 11 and 16 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.

Refunds will be paid by PPL Electric based on the difference between charges that were calculated using the ROE in effect at the time and reduced charges calculated using the ROE provided for in the Settlement, plus interest at the FERC interest rate. In the three and nine months ended September 30, 2021, PPL Electric recorded a revenue reserve of $13 million ($10 million after-tax) and $64 million ($46 million after-tax) representing revenue subject to refund for the period May 21, 2020 through September 30, 2021. The reserve recorded for the nine months ended September 30, 2021, includes $28 million ($20 million after-tax) related to the period from May 21, 2020 to December 31, 2020.

The impact of the lower ROE and formula rate modifications included in the Settlement, once fully-enacted beginning on June 1, 2023, is expected to reduce net income by $25 - $30 million on an annual basis. The Settlement is subject to review and action by the FERC, including approval, denial or modification. PPL Electric cannot predict the outcome of the FERC’s review of the Settlement.

While the FERC's review of the settlement is pending, on October 15, 2021, PPL Electric filed a request to the FERC Chief Administrative Law Judge for authorization to implement interim rates to reflect the agreed-to base ROE in the Settlement effective December 1, 2021. The requested interim settlement rates were accepted on October 20, 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. Due to the development of robust, accessible energy markets over time, LG&E and KU believe the mitigation commitments are no longer relevant or appropriate. In March 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, subject to FERC review and approval. In July 2019, LG&E and KU proposed their transition mechanism to the FERC and in September 2019, the FERC rejected the proposed transition mechanism. In September 2020, the FERC issued orders in the rehearing process that modified various aspects of the September 2019 orders which had approved future termination of the credits, including adjusting which customer arrangements are covered by the transition mechanism and respective future periods or dates for termination of credits. In November 2020, the FERC denied the parties' rehearing requests. In November 2020 and January 2021, LG&E and KU and other parties appealed the September 2020 and November 2020 orders at the D.C. Circuit Court of Appeals. The appellate proceedings are continuing, and also include certain additional prior pending petitions for review relating to the matter. On January 15, 2021, LG&E and KU made a filing seeking FERC acceptance of a new proposal for a transition mechanism. On March 16, 2021, the FERC accepted the filed transition mechanism agreements effective on March 17, 2021 but subject to refund, and established hearing and settlement procedures. 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 would be 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. The agreement proposed increases in annual revenues of $217 million ($77 million and $116 million in electricity revenues at LG&E and KU and $24 million in gas revenues at LG&E) based on an authorized return on equity of 9.55%. The proposal included an authorized 9.35% return on equity for the ECR and GLT mechanisms. The agreement did not modify the requested one-year billing credit. The agreement proposed that the KPSC should grant LG&E’s and KU’s request for a CPCN to deploy Advanced Metering Infrastructure and proposed the establishment of a Retired Asset Recovery rider (RAR) 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, the agreement proposed that LG&E and KU will continue to use currently approved depreciation rates for Mill Creek Units 1 and 2 and Brown Unit 3. The agreement also proposed 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 June 30, 2021, the KPSC issued orders approving the proposed agreement filed in April 2021, with certain modifications. The orders provide for increases in annual revenues of $199 million ($73 million and $106 million in electricity revenues at LG&E and KU and $20 million in gas revenues at LG&E) based on an authorized return on equity of 9.425%. The order grants the requested authorized 9.35% return on equity for the ECR and GLT mechanisms and does not modify the requested one-year billing credit. The orders approve 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 approve the establishment of the RAR rider and accepted the four-year "stay-out". The orders, however, disallowed certain legal costs that were included in the settlement. On July 23, 2021, LG&E and KU filed motions for partial rehearing and clarification of the return on equity, the disallowed legal costs and certain other matters related to the KPSC's orders. On August 12, 2021, the KPSC granted rehearing and clarification of the disallowed legal costs and certain other matters and denied rehearing and clarification of the return on equity. On September 24, 2021, the KPSC issued orders providing adjustments to previous net metering proposals. These adjustments did not impact the previously ordered annual revenue increases. PPL, LG&E and KU cannot predict the outcome of the remaining issues subject to partial rehearing and clarification.

(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. 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 the Statements of Income, comparing the three and nine months ended September 30, 2021 with the same periods in 2020. The "Segment Earnings" and "Adjusted Gross Margins" discussions 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 the three and nine months ended September 30, 2021 with the same periods in 2020.

(All Registrants)

The results for interim periods can be disproportionately influenced by numerous factors and developments and by seasonal variations. As such, the results of operations for interim periods do not necessarily indicate results or trends for the year or future periods.

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

Statement of Income Analysis

Net income for the periods ended September 30 includes the following results:

	Three Months 2021	Three Months 2020	Three Months $ Change	Nine Months 2021	Nine Months 2020	Nine Months $ Change
Operating Revenues	$ 1,512	$ 1,400	$ 112	$ 4,298	$ 4,103	$ 195
Operating Expenses						
Operation						
Fuel	195	177	18	531	478	53
Energy purchases	167	136	31	524	470	54
Other operation and maintenance	393	346	47	1,164	1,054	110
Depreciation	274	257	17	810	762	48
Taxes, other than income	52	47	5	153	131	22
Total Operating Expenses	1,081	963	118	3,182	2,895	287
Other Income (Expense) - net	12	6	6	25	11	14
Interest Expense	183	161	22	810	479	331
Income (Loss) from Continuing Operations Before Income Taxes	260	282	(22)	331	740	(409)
Income Taxes	51	165	(114)	455	266	189
Income (Loss) from Continuing Operations After Income Taxes	209	117	92	(124)	474	(598)
Income (Loss) from Discontinued Operations (net of income taxes) (Note 9)	(2)	164	(166)	(1,490)	705	(2,195)
Net Income (Loss)	$ 207	$ 281	$ (74)	$ (1,614)	$ 1,179	$ (2,793)

Operating Revenues

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

	Three Months	Nine Months
PPL Electric distribution price (a)	$ 13	$ 6
PPL Electric distribution volume (b)	—	19
PPL Electric PLR (c)	27	33
PPL Electric transmission formula rate (d)	1	(35)
LG&E retail rates (e)	22	22
LG&E volumes (f)	7	31
LG&E fuel and other energy prices (g)	7	23
LG&E economic relief billing credit, net of amortization of $6, $6	(6)	(6)
KU retail rates (e)	27	27
KU volumes (f)	4	38
KU fuel and other energy prices (g)	12	24
KU demand	2	8
KU economic relief billing credit, net of amortization of $0, $0	(3)	(3)
Other	(1)	8
Total	$ 112	$ 195

(a) The increases were primarily due to higher distribution rider prices.
(b) The increase for the nine months ended September 30, 2021 was primarily due to favorable customer usage.
(c) The increase for the three months ended September 30, 2021 was due to higher prices and favorable customer volumes, partially offset by unfavorable weather. The increase for the nine months ended September 30, 2021 was primarily due to favorable volumes, partially offset by higher customer shopping.
(d) The increase for the three months ended September 30, 2021 was primarily due to additional transmission capital investments and return of related depreciation expense, partially offset by a reserve recorded for a reduction in the transmission formula rate return on equity. The decrease for the nine months ended September 30, 2021 was primarily due to a reserve recorded for 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 reserve.
(e) The increases were due to new base rates approved by the KPSC effective July 1, 2021.
(f) The increases were primarily due to favorable weather.

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

Fuel

Fuel increased $18 million for the three months ended September 30, 2021 compared with 2020, primarily due to a $3 million increase in commodity costs and a $2 million increase in volumes driven by higher off-system sales at LG&E and a $12 million increase in commodity costs at KU.

Fuel increased $53 million for the nine months ended September 30, 2021 compared with 2020, primarily due to an $11 million increase in volumes driven by weather and a $3 million increase in commodity costs at LG&E and a $20 million increase in commodity costs and an $18 million increase in volumes driven by weather at KU.

Energy Purchases

Energy purchases increased $31 million for the three months ended September 30, 2021 compared with 2020, primarily due to $19 million in higher PLR prices at PPL Electric and a $6 million increase at LG&E primarily due to an increase in commodity costs.

Energy purchases increased $54 million for the nine months ended September 30, 2021 compared with 2020, primarily due to higher PLR volumes of $20 million at PPL Electric, a $13 million increase in commodity costs and a $9 million increase in gas volumes driven by weather at LG&E.

Other Operation and Maintenance

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

	Three Months	Nine Months
PPL Electric canceled projects	$ —	$ (11)
PPL Electric bad debts	1	(8)
PPL Electric storm costs	14	18
PPL Electric universal service programs	5	9
PPL Electric inventory adjustments	1	6
LG&E plant operations and maintenance	—	4
LG&E gas distribution operations and maintenance	—	2
LG&E plant outages	2	2
KU plant operations and maintenance	—	8
KU distribution operations and maintenance	—	4
KU transmission operations and maintenance	1	4
KU plant outages	2	2
Solar panel impairment (Note 2)	—	37
Charges related to the sale of the U.K. utility business	—	8
Charges related to the acquisition of Narragansett Electric	11	14
Payroll-related	4	6
Other	6	5
Total	$ 47	$ 110

Depreciation

The increase in depreciation was due to:

	Three Months	Nine Months
Additions to PP&E, net	$ 7	$ 32
Depreciation rate change effective July 2021	5	5
Cost of removal and salvage amortization	3	9
Other	2	2
Total	$ 17	$ 48

Taxes, Other Than Income

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

	Three Months	Nine Months
State gross receipts tax (a)	$ —	$ 10
Domestic property tax expense	2	8
Other	3	4
Total	$ 5	$ 22

(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:

	Three Months	Nine Months
Defined benefit plans - non-service credits (Note 10)	$ 5	$ 14
Interest income	6	9
Other	(5)	(9)
Total	$ 6	$ 14

Interest Expense

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

	Three Months	Nine Months
Loss on extinguishment of debt (Note 8)	$ 73	$ 395
Long-term debt	(44)	(50)
Other	(7)	(14)
Total	$ 22	$ 331

Income Taxes

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

	Three Months	Nine Months
Change in pre-tax income	$ (3)	$ (113)
Valuation allowance adjustments (a)	(2)	20
Impact of the U.K. Finance Acts on deferred tax balances (b)	(104)	282
Other	(5)	—
Total	$ (114)	$ 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 to the Financial Statements for additional information on the tender offer.
(b) The U.K. Finance Act 2020, formally enacted on July 22, 2020, cancelled the U.K. corporation 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 corporate tax rate reduction was an increase in deferred tax liabilities and a corresponding deferred tax expense of $102 million in the third quarter of 2020.

The U.K. Finance Act 2021, formally enacted on June 10, 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.

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

Income (Loss) from discontinued operations (net of income taxes) decreased $166 million for the three months ended September 30, 2021 compared with 2020. The decrease was due to the completion of the sale of the U.K. utility business in the second quarter of 2021.

Income (Loss) from discontinued operations (net of income taxes) decreased $2,195 million for the nine months ended September 30, 2021 compared with 2020. The decrease was attributable primarily to a loss on sale of $1,609 million and an increase in income tax expense of $595 million in 2021.

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 segment for the periods ended September 30 was as follows:

	Three Months			Nine Months		
	2021	2020	$ Change	2021	2020	$ Change
Kentucky Regulated	$ 159	$ 129	$ 30	$ 389	$ 330	$ 59
Pennsylvania Regulated	126	135	(9)	335	371	(36)
Corporate and Other (a)(b)	(76)	(147)	71	(848)	(227)	(621)
Discontinued Operations (c)	(2)	164	(166)	(1,490)	705	(2,195)
Net Income	$ 207	$ 281	$ (74)	$ (1,614)	$ 1,179	$ (2,793)

(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 amounts for the periods ended September 30, 2020 have 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 for the periods ended September 30 were as follows:

	Three Months			Nine Months		
	2021	2020	$ Change	2021	2020	$ Change
Kentucky Regulated	$ 159	$ 129	$ 30	$ 385	$ 334	$ 51
Pennsylvania Regulated	126	136	(10)	355	372	(17)
Corporate and Other (a)	(8)	(37)	29	(97)	(113)	16
Earnings from Ongoing Operations	$ 277	$ 228	$ 49	$ 643	$ 593	$ 50

(a) The amounts for the periods ended September 30, 2020 have 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 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.

Net Income and Earnings from Ongoing Operations for the periods ended September 30 include the following results.

	Three Months			Nine Months		
	2021	2020	$ Change	2021	2020	$ Change
Operating revenues	$ 879	$ 806	$ 73	$ 2,505	$ 2,331	$ 174
Fuel	195	177	18	531	478	53
Energy purchases	24	18	6	122	97	25
Other operation and maintenance	219	205	14	654	616	38
Depreciation	166	152	14	480	452	28
Taxes, other than income	22	21	1	65	57	8
Total operating expenses	626	573	53	1,852	1,700	152
Other Income (Expense) - net	1	1	—	7	3	4
Interest Expense	48	56	(8)	149	172	(23)
Interest Expense with Affiliate (a)	14	20	(6)	39	56	(17)
Income Taxes	33	29	4	83	76	7
Net Income	159	129	30	389	330	59
Less: Special Items	—	—	—	4	(4)	8
Earnings from Ongoing Operations	$ 159	$ 129	$ 30	$ 385	$ 334	$ 51

(a) Borrowings between LKE and PPL were $2,015 million and $1,451 million as of September 30, 2021 and December 31, 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 during the periods ended September 30.

		Three Months		Nine Months	
	Income Statement Line Item	2021	2020	2021	2020
Valuation allowance adjustment (a)	Income Taxes	$ —	$ —	$ 4	$ —
COVID-19 impact, net of tax of $0, $0, $0, $1 (b)	Other operation and maintenance	—	—	—	(4)
Total Special Items		$ —	$ —	$ 4	$ (4)

(a) Adjustment of valuation allowances related to certain tax credits recorded in 2017 as a result of the TCJA.
(b) 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 items.

	Three Months	Nine Months
Kentucky Adjusted Gross Margins	$ 79	$ 112
Other operation and maintenance	(17)	(38)
Depreciation	(41)	(49)
Taxes, other than income	(1)	(8)
Other Income (Expense) - net	—	4
Interest Expense	8	23
Interest Expense with Affiliate	6	17
Income Taxes	(4)	(10)
Earnings from Ongoing Operations	30	51
Special items, after-tax	—	8
Net Income	$ 30	$ 59

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

- Higher other operation and maintenance expense for the three month period primarily due to a $4 million increase in plant outage expenses and a $3 million increase due to certain ECR 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 other operation and maintenance expense for the nine month period primarily due to a $13 million increase in administrative and general expenses, an $8 million increase in plant operations and maintenance, a $4 million increase in plant outage expenses, a $3 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 for the three month period due to a $30 million increase related to certain ECR and GLT depreciation expenses transferred to base rates as a result of the 2020 Kentucky rate case, a $7 million increase due to additional assets placed into service, net of retirements and a $4 million increase due to higher depreciation rates, effective July 1, 2021.

- Higher depreciation expense for the nine month period due to a $30 million increase related to certain ECR and GLT depreciation expenses transferred to base rates as a result of the 2020 Kentucky rate case, a $15 million increase due to additional assets placed into service, net of retirements and a $4 million increase due to higher depreciation rates, effective July 1, 2021.

- Lower interest expense, inclusive of affiliate interest, for the three month period primarily due to interest costs allocated to the Kentucky Regulated segment in 2020 that were not allocated in 2021.

- Lower interest expense, inclusive of affiliate interest, for the nine month period primarily due to $31 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 for the periods ended September 30 include the following results.

	Three Months			Nine Months		
	2021	2020	$ Change	2021	2020	$ Change
Operating revenues	$ 627	$ 586	$ 41	$ 1,769	$ 1,748	$ 21
Energy purchases	143	118	25	402	373	29
Other operation and maintenance	147	122	25	400	388	12
Depreciation	105	102	3	322	301	21
Taxes, other than income	30	30	—	88	78	10
Total operating expenses	425	372	53	1,212	1,140	72
Other Income (Expense) - net	8	8	—	18	17	1
Interest Expense	39	44	(5)	124	130	(6)
Income Taxes	45	43	2	116	124	(8)
Net Income	126	135	(9)	335	371	(36)
Less: Special Item	—	(1)	1	(20)	(1)	(19)
Earnings from Ongoing Operations	$ 126	$ 136	$ (10)	$ 355	$ 372	$ (17)

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 during the periods ended September 30.

		Three Months		Nine Months	
	Income Statement Line Item	2021	2020	2021	2020
Transmission formula rate return on equity reserve, net of tax of $0, $0, $8, $0 (a)	Operating revenues	$ —	$ —	$ (20)	$ —
COVID impact, net of tax of $0, $0, $0, $0 (b)	Other operation and maintenance	—	(1)	—	(1)
Total Special Items		$ —	$ (1)	$ (20)	$ (1)

(a) Represents the portion of the reserve recognized in the September 30, 2021 Statements 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 are 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.

	Three Months	Nine Months
Pennsylvania Adjusted Gross Margins	$ 4	$ (7)
Other operation and maintenance	(13)	4
Depreciation	(4)	(15)
Taxes, other than income	1	(6)
Other Income (Expense) - net	—	1
Interest Expense	5	6
Income Taxes	(3)	—
Earnings from Ongoing Operations	(10)	(17)
Special Item, after tax	1	(19)
Net Income	$ (9)	$ (36)

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

- Higher other operation and maintenance expense for the three month period primarily due to higher Corporate support costs of $7 million and higher nonrecoverable storm costs of $5 million.

- Lower other operation and maintenance expense for the nine month period primarily due to lower canceled project write-offs of $11 million and lower bad debt expense of $8 million, partially offset by higher nonrecoverable storm costs of $6 million and higher inventory adjustments of $6 million.

- Higher depreciation expense for the nine month period primarily due to higher cost of removal and salvage amortization of $9 million and additional assets placed in service, net of retirements of $7 million.

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 periods ended September 30.

	2021 Three Months				
	KY Regulated	PA Regulated	Corporate and Other	Discontinued Operations (a)	Total
Net Income	$ 159	$ 126	$ (76)	$ (2)	$ 207
Less: Special Item (expense) benefit:					
Income (loss) from Discontinued Operations (a)	—	—	—	(2)	(2)
Talen litigation costs, net of tax of $1 (b)	—	—	(1)	—	(1)
Strategic corporate initiatives, net of tax of $0 (c)	—	—	(1)	—	(1)
Acquisition integration, net of tax of $3 (e)	—	—	(9)	—	(9)
Loss on early extinguishment of debt, net of tax of $16 (h)	—	—	(57)	—	(57)
Total Special Items	—	—	(68)	(2)	(70)
Earnings from Ongoing Operations	$ 159	$ 126	$ (8)	$ —	$ 277

	2020 Three Months				
	KY Regulated	PA Regulated	Corporate and Other (i)	Discontinued Operations (a)	Total
Net Income	$ 129	$ 135	$ (147)	$ 164	$ 281
Less: Special Item (expense) benefit:					
Income (loss) from Discontinued Operations (a)	—	—	—	164	164
Talen litigation costs, net of tax of $1 (b)	—	—	(2)	—	(2)
COVID-19 impact, net of tax of $0, $0, $0	—	(1)	(1)	—	(2)
Strategic corporate initiatives, net of tax of $2 (c)	—	—	(5)	—	(5)
U.K. tax rate change (f)	—	—	(102)	—	(102)
Total Special Items	—	(1)	(110)	164	53
Earnings from Ongoing Operations	$ 129	$ 136	$ (37)	$ —	$ 228

	2021 Nine Months				
	KY Regulated	PA Regulated	Corporate and Other	Discontinued Operations (a)	Total
Net Income	$ 389	$ 335	$ (848)	$ (1,490)	$ (1,614)
Less: Special Items (expense) benefit:					
Income (loss) from Discontinued Operations (a)	—	—	—	(1,494)	(1,494)
Talen litigation costs, net of tax of $3 (b)	—	—	(10)	—	(10)
Strategic corporate initiatives, net of tax of $1 (c)	—	—	(3)	—	(3)
Valuation allowance adjustment (d)	4	—	(4)	4	4
Transmission formula rate return on equity reserve, net of tax of $8	—	(20)	—	—	(20)
Acquisition integration, net of tax of $4 (e)	—	—	(11)	—	(11)
U.K. tax rate change (f)	—	—	(383)	—	(383)
Solar panel impairment, net of tax of $9 (g)	—	—	(28)	—	(28)
Loss on early extinguishment of debt, net of tax of $83 (h)	—	—	(312)	—	(312)
Total Special Items	4	(20)	(751)	(1,490)	(2,257)
Earnings from Ongoing Operations	$ 385	$ 355	$ (97)	$ —	$ 643

	2020 Nine Months				
	KY Regulated	PA Regulated	Corporate and Other (i)	Discontinued Operations (a)	Total
Net Income	$ 330	$ 371	$ (227)	$ 705	$ 1,179
Less: Special Items (expense) benefit:					
Income (loss) from Discontinued Operations (a)	—	—	—	705	705
Talen litigation costs, net of tax of $2 (b)	—	—	(6)	—	(6)
COVID-19 impact, net of tax of $1, $0, $0	(4)	(1)	(1)	—	(6)
Strategic corporate initiatives, net of tax of $2 (c)	—	—	(5)	—	(5)
U.K. tax rate change (f)	—	—	(102)	—	(102)
Total Special Items	(4)	(1)	(114)	705	586
Earnings from Ongoing Operations	$ 334	$ 372	$ (113)	$ —	$ 593

(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 11 to the Financial Statements for additional information.
(c) Costs related to the sale of 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 federal and state income taxes. See Note 6 to the Financial Statements for additional information.
(g) See Note 2 to the Financial Statements for additional information.
(h) See Note 8 to the Financial Statements for additional information.
(i) The amounts for the periods ended September 30, 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 periods ended September 30 as well as the change between periods. The factors that gave rise to the changes are described following the table.

	Three Months			Nine Months		
	2021	2020	$ Change	2021	2020	$ Change
Kentucky Regulated						
Kentucky Adjusted Gross Margins	$ 625	$ 546	$ 79	$ 1,684	$ 1,572	$ 112
Pennsylvania Regulated						
Pennsylvania Adjusted Gross Margins						
Distribution	$ 228	$ 225	$ 3	$ 686	$ 685	$ 1
Transmission	180	179	1	495	503	(8)
Total Pennsylvania Adjusted Gross Margins	$ 408	$ 404	$ 4	$ 1,181	$ 1,188	$ (7)

Kentucky Adjusted Gross Margins

Kentucky Adjusted Gross Margins increased for the three months ended September 30, 2021 compared with 2020, primarily due to higher base rates of $49 million and environmental and gas cost recoveries added to base rates of $33 million, partially offset by $9 million of lower adjusted gross margins as a result of the economic relief billing credit.

Kentucky Adjusted Gross Margins increased for the nine months ended September 30, 2021 compared with 2020, primarily due to higher base rates of $49 million, environmental and gas cost recoveries added to base rates of $33 million, $26 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 $9 million of lower adjusted gross margins as a result of the economic relief billing credit.

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 for the three months ended September 30, 2021 compared with 2020. Higher sales volumes of $8 million were partially offset by unfavorable weather of $7 million.

Distribution Adjusted Gross Margins increased for the nine months ended September 30, 2021 compared with 2020, primarily due to $13 million of higher sales volumes, partially offset by $8 million of lower returns on distribution system improvement capital investments.

Transmission

Transmission Adjusted Gross Margins increased for the three months ended September 30, 2021 compared with 2020, primarily due to $5 million of returns on additional transmission capital investments focused on replacing aging infrastructure and improving reliability and $5 million return of related depreciation expense. Offsetting these favorable items was a $13 million decrease due to a reserve recorded for a reduction in the transmission formula rate return on equity. See Note 7 to the Financial Statements for additional information on the transmission formula rate return on equity reserve.

Transmission Adjusted Gross Margins decreased for the nine months ended September 30, 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 $36 million decrease due to a reserve recorded for a reduction in the transmission formula rate return on equity. Partially offsetting these unfavorable items was $39 million of returns on additional transmission capital investments focused on replacing aging infrastructure and improving reliability and $15 million return of related depreciation expense. See Note 7 to the Financial Statements for additional information on the transmission formula rate return on equity reserve.

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 periods ended September 30.

	2021 Three Months			
	Kentucky Adjusted Gross Margins	Pennsylvania Adjusted Gross Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 879	$ 628	$ 5	$ 1,512
Operating Expenses				
Fuel	195	—	—	195
Energy purchases	24	143	—	167
Other operation and maintenance	22	35	336	393
Depreciation	12	12	250	274
Taxes, other than income	1	30	21	52
Total Operating Expenses	254	220	607	1,081
Total	$ 625	$ 408	$ (602)	$ 431

	2020 Three Months			
	Kentucky Adjusted Gross Margins	Pennsylvania Adjusted Gross Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 806	$ 586	$ 8	$ 1,400
Operating Expenses				
Fuel	177	—	—	177
Energy purchases	18	118	—	136
Other operation and maintenance	25	23	298	346
Depreciation	39	13	205	257
Taxes, other than income	1	28	18	47
Total Operating Expenses	260	182	521	963
Total	$ 546	$ 404	$ (513)	$ 437

	2021 Nine Months			
	Kentucky Adjusted Gross Margins	Pennsylvania Adjusted Gross Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 2,505	$ 1,797	$ (4)	$ 4,298
Operating Expenses				
Fuel	531	—	—	531
Energy purchases	122	402	—	524
Other operation and maintenance	71	86	1,007	1,164
Depreciation	93	44	673	810
Taxes, other than income	4	84	65	153
Total Operating Expenses	821	616	1,745	3,182
Total	$ 1,684	$ 1,181	$ (1,749)	$ 1,116

	2020 Nine Months							
	Kentucky Adjusted Gross Margins		Pennsylvania Adjusted Gross Margins		Other (a)		Operating Income (b)	
Operating Revenues	$	2,331	$	1,748	$	24	$	4,103
Operating Expenses								
Fuel		478		—		—		478
Energy purchases		97		373		—		470
Other operation and maintenance		66		69		919		1,054
Depreciation		114		38		610		762
Taxes, other than income		4		80		47		131
Total Operating Expenses		759		560		1,576		2,895
Total	$	1,572	$	1,188	$	(1,552)	$	1,208

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

PPL Electric: Statement of Income Analysis

Statement of Income Analysis

Net income for the periods ended September 30 includes the following results.

	Three Months						Nine Months					
	2021		2020		$ Change		2021		2020		$ Change	
Operating Revenues	$	627	$	586	$	41	$	1,769	$	1,748	$	21
Operating Expenses												
Operation												
Energy purchases		143		118		25		402		373		29
Other operation and maintenance		147		122		25		400		388		12
Depreciation		105		102		3		322		301		21
Taxes, other than income		30		30		—		88		78		10
Total Operating Expenses		425		372		53		1,212		1,140		72
Other Income (Expense) - net		6		7		(1)		16		15		1
Interest Income from Affiliate		2		1		1		2		2		—
Interest Expense		39		44		(5)		124		130		(6)
Income Taxes		45		44		1		116		125		(9)
Net Income	$	126	$	134	$	(8)	$	335	$	370	$	(35)

Operating Revenues

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

	Three Months		Nine Months	
Distribution price (a)	$	13	$	6
Distribution volume (b)		—		19
PLR (c)		27		33
Transmission formula rate (d)		1		(35)
Other		—		(2)
Total	$	41	$	21

(a) The increases were primarily due to higher distribution rider prices.
(b) The increase for the nine months ended September 30, 2021 was primarily due to favorable customer usage.
(c) The increase for the three months ended September 30, 2021 was due to higher prices and favorable customer volumes, partially offset by unfavorable weather. The increase for the nine months ended September 30, 2021 was primarily due to favorable volumes, partially offset by higher customer shopping.
(d) The increase for the three months ended September 30, 2021 was primarily due to additional transmission capital investments and return of related depreciation expense, partially offset by a reserve recorded for a reduction in the transmission formula rate return on equity. The decrease for the nine months ended September 30, 2021 was primarily due to a reserve recorded for 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 reserve.

Energy Purchases

Energy purchases increased $25 million for the three months ended September 30, 2021 compared with 2020, primarily due to higher PLR prices of $19 million.

Energy purchases increased $29 million for the nine months ended September 30, 2021 compared with 2020, primarily due to higher PLR volumes of $20 million and higher PLR prices of $4 million.

Other Operation and Maintenance

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

	Three Months	Nine Months
Storm costs	$ 14	$ 18
Universal service programs	5	9
Inventory adjustments	1	6
Support costs	7	2
Bad debts	1	(8)
Canceled projects	—	(11)
Other	(3)	(4)
Total	$ 25	$ 12

Depreciation

The increase in depreciation was due to:

	Three Months	Nine Months
Additions of PP&E, net	$ —	$ 12
Cost of removal and salvage amortization	3	9
Total	$ 3	$ 21

LG&E: Statement of Income Analysis

Statement of Income Analysis

Net income for the periods ended September 30 includes the following results.

	Three Months			Nine Months		
	2021	2020	$ Change	2021	2020	$ Change
Operating Revenues						
Retail and wholesale	$ 393	$ 362	$ 31	$ 1,147	$ 1,075	$ 72
Electric revenue from affiliate	2	1	1	18	17	1
Total Operating Revenues	395	363	32	1,165	1,092	73
Operating Expenses						
Operation						
Fuel	70	64	6	203	188	15
Energy purchases	19	13	6	108	83	25
Energy purchases from affiliate	8	8	—	16	16	—
Other operation and maintenance	97	93	4	290	277	13
Depreciation	72	64	8	206	193	13
Taxes, other than income	12	11	1	34	30	4
Total Operating Expenses	278	253	25	857	787	70
Other Income (Expense) - net	2	(1)	3	3	(1)	4
Interest Expense	20	22	(2)	61	66	(5)
Income Taxes	17	16	1	48	47	1
Net Income	$ 82	$ 71	$ 11	$ 202	$ 191	$ 11

Operating Revenues

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

	Three Months	Nine Months
Volumes (a)	$ 7	$ 30
Fuel and other energy prices (b)	7	23
Retail rates (c)	22	22
Economic relief billing credit, net of amortization of $6, $6	(6)	(6)
Other	2	4
Total	$ 32	$ 73

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

Fuel

Fuel increased $6 million for the three months ended September 30, 2021 compared with 2020, primarily due to a $3 million increase in commodity costs and a $2 million increase in volumes driven by higher off-system sales.

Fuel increased $15 million for the nine months ended September 30, 2021 compared with 2020, primarily due to an $11 million increase in volumes driven by weather and a $3 million increase in commodity costs.

Energy Purchases

Energy purchases increased $6 million for the three months ended September 30, 2021 compared with 2020, primarily due to an increase in commodity costs.

Energy purchases increased $25 million for the nine months ended September 30, 2021 compared with 2020, primarily due to a $13 million increase in commodity costs and a $9 million increase in gas volumes driven by weather.

Other Operation and Maintenance

The increase in other operation and maintenance was due to:

	Three Months	Nine Months
Plant operations and maintenance	$ —	$ 4
Gas distribution operations and maintenance	—	2
Plant outages	2	2
Other	2	5
Total	$ 4	$ 13

Depreciation

Depreciation increased $8 million for the three months ended September 30, 2021 compared with 2020, primarily due to a $4 million increase driven by additional assets placed into service, net of retirements, and a $3 million increase driven by higher depreciation rates effective July 1, 2021.

Depreciation increased $13 million for the nine months ended September 30, 2021 compared with 2020, primarily due to a $9 million increase driven by additional assets placed into service, net of retirements, and a $3 million increase driven by higher depreciation rates effective July 1, 2021.

KU: Statement of Income Analysis

Statement of Income Analysis

Net income for the periods ended September 30 includes the following results.

	Three Months			Nine Months		
	2021	2020	$ Change	2021	2020	$ Change
Operating Revenues						
Retail and wholesale	$ 486	$ 444	$ 42	$ 1,358	$ 1,256	$ 102
Electric revenue from affiliate	8	8	—	16	16	—
Total Operating Revenues	494	452	42	1,374	1,272	102
Operating Expenses						
Operation						
Fuel	125	113	12	328	290	38
Energy purchases	5	5	—	14	14	—
Energy purchases from affiliate	2	1	1	18	17	1
Other operation and maintenance	110	105	5	336	316	20
Depreciation	94	88	6	273	258	15
Taxes, other than income	10	10	—	31	27	4
Total Operating Expenses	346	322	24	1,000	922	78
Other Income (Expense) - net	1	1	—	5	2	3
Interest Expense	27	28	(1)	81	85	(4)
Income Taxes	23	19	4	57	50	7
Net Income	$ 99	$ 84	$ 15	$ 241	$ 217	$ 24

Operating Revenues

The increase in operating revenues was due to:

	Three Months	Nine Months
Volumes (a)	$ 4	$ 36
Retail rates (b)	27	27
Fuel and other energy prices (c)	12	24
Demand	2	8
Economic relief billing credit, net of amortization of $0, $0	(3)	(3)
Other	—	10
Total	$ 42	$ 102

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

Fuel

Fuel increased $12 million for the three months ended September 30, 2021 compared with 2020, primarily due to an increase in commodity costs.

Fuel increased $38 million for the nine months ended September 30, 2021 compared with 2020, primarily due to a $20 million increase in commodity costs and an $18 million increase in volumes driven by weather.

Other Operation and Maintenance

The increase in other operation and maintenance was due to:

	Three Months	Nine Months
Plant operations and maintenance	$ —	$ 8
Distribution operations and maintenance	—	4
Transmission operations and maintenance	1	4
Plant outages	2	2
Other	2	2
Total	$ 5	$ 20

Depreciation

Depreciation increased $6 million for the three months ended September 30, 2021 compared with 2020, primarily due to a $3 million increase driven by additional assets placed into service, net of retirements, and a $2 million increase driven by higher depreciation rates effective July 1, 2021.

Depreciation increased $15 million for the nine months ended September 30, 2021 compared with 2020, primarily due to an $11 million increase driven by additional assets placed into service, net of retirements, and a $2 million increase driven by higher depreciation rates effective July 1, 2021.

Financial Condition

The remainder of this Item 2 in this Form 10-Q is presented on a combined basis, providing information, as applicable, for all Registrants.

Liquidity and Capital Resources

(All Registrants)

The Registrants had the following at:

	PPL	PPL Electric	LG&E	KU
September 30, 2021				
Cash and cash equivalents	$ 4,767	$ 59	$ 5	$ 8
Short-term debt	—	—	—	—
Long-term debt due within one year	474	474	—	—
Notes payable to affiliates		—	284	208
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 to affiliates		—	—	—

(PPL)

The Statements of Cash Flows separately report the cash flows of discontinued operations. The "Operating Activities", "Investing Activities" and "Financing Activities" sections below include only the cash flows of continuing operations.

(All Registrants)

Net cash provided by (used in) operating, investing and financing activities for the nine month periods ended September 30, and the changes between periods, were as follows.

	PPL	PPL Electric	LG&E	KU
2021				
Operating activities	$ 1,252	$ 704	$ 412	$ 504
Investing activities	9,078	(1,256)	(339)	(396)
Financing activities	(6,370)	571	(75)	(122)
2020				
Operating activities	$ 1,579	$ 656	$ 419	$ 446
Investing activities	(1,690)	(844)	(329)	(378)
Financing activities	(83)	(48)	(95)	(65)
Change - Cash Provided (Used)				
Operating activities	$ (327)	$ 48	$ (7)	$ 58
Investing activities	10,768	(412)	(10)	(18)
Financing activities	(6,287)	619	20	(57)

Operating Activities

The components of the change in cash provided by (used in) operating activities for the nine months ended September 30, 2021 compared with 2020 were as follows.

	PPL	PPL Electric	LG&E	KU
Change - Cash Provided (Used)				
Net income	$ (598)	$ (35)	$ 11	$ 24
Non-cash components	331	—	9	(8)
Working capital	(41)	102	(2)	26
Defined benefit plan funding	20	—	3	—
Other operating activities	(39)	(19)	(28)	16
Total	$ (327)	$ 48	$ (7)	$ 58

(PPL)

PPL's cash provided by operating activities in 2021 decreased $327 million compared with 2020.

- Net income decreased $598 million between the periods and included an increase in non-cash charges of $331 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 $41 million decrease in cash from changes in working capital was primarily due to a decrease in unbilled revenues, a decrease in taxes payable, and a decrease in accrued interest, partially offset by an increase in regulatory liabilities (primarily due to PPL Electric's transmission formula rate return on equity reserve and the timing of rate recovery mechanisms).

(PPL Electric)

PPL Electric's cash provided by operating activities in 2021 increased $48 million compared with 2020.

- Net income decreased $35 million between the periods.

- The $102 million increase in cash from changes in working capital was primarily due to an increase in regulatory liabilities (primarily due to the transmission formula rate return on equity reserve and the timing of rate recovery mechanisms) and a decrease in materials and supplies (primarily due to a decrease in transmission capital projects material), partially offset by a decrease in accounts payable (primarily due to timing of payments).

- The $19 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 $7 million compared with 2020.

- Net income increased $11 million between the periods and included an increase in non-cash components of $9 million. The increase in non-cash components was 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).

- The decrease in cash from changes in working capital was due to an increase in net regulatory assets (primarily due to the timing of rate recovery mechanisms), an increase in fuels, materials and supplies (primarily due to higher commodity costs) and an increase in accounts receivable from affiliates (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 by a decrease in other liabilities (primarily related to regulatory liabilities).

(KU)

KU's cash provided by operating activities in 2021 increased $58 million compared with 2020.

- Net income increased $24 million between the periods and included a decrease in non-cash components of $8 million. The decrease in non-cash components was driven by a decrease in deferred income tax expense (primarily related to book versus tax plant timing differences), partially 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).

- The increase in cash from changes in working capital was primarily due to a decrease in accounts receivable (primarily due to the impacts of COVID-19) and an increase in accounts payable to affiliates (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 for the nine months ended September 30, 2021 compared with 2020 were as follows.

	PPL	PPL Electric	LG&E	KU
Change - Cash Provided (Used)				
Expenditures for PP&E	$ 230	$ 160	$ (10)	$ (19)
Proceeds from sale of discontinued operations, net of cash divested	10,560	—	—	—
Notes receivable from affiliate	—	(575)	—	—
Other investing activities	(22)	3	—	1
Total	$ 10,768	$ (412)	$ (10)	$ (18)

For PPL, the decrease in expenditures for PP&E was due to lower project expenditures at PPL Electric and Safari Energy, partially offset by an increase in expenditures at LG&E and KU. The decrease in expenditures at PPL Electric was primarily due to timing differences on capital spending projects related to the ongoing efforts to improve reliability and replace aging infrastructure. The decrease in expenditures at Safari Energy was primarily due to timing differences on capital spending projects. The increase in expenditures at LG&E and KU was primarily due to higher spending on ELG projects.

For PPL, on June 14, 2021, the sale of the U.K. utility business was completed. The transaction resulted in cash proceeds of $10,732 million inclusive of foreign currency hedges executed by PPL. See Note 9 to the Financial Statements for additional information.

For PPL Electric, the changes in "Notes receivable from affiliate" activity resulted from the funding of $575 million to an affiliate for general corporate purposes. See Note 12 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 for the nine months ended September 30, 2021 compared with 2020 were as follows.

	PPL	PPL Electric	LG&E	KU
Change - Cash Provided (Used)				
Debt issuance/retirement, net	$ (4,579)	$ 250	$ —	$ 2
Proceeds from project financing	(131)	—	—	—
Stock issuances/redemptions, net	(27)	—	—	—
Dividends	(5)	72	(24)	(41)
Purchase of treasury stock	(282)	—	—	—
Capital contributions/distributions, net	—	580	(9)	(38)
Issuance of term loan	(300)	—	—	—
Retirement of term loan	(300)	—	—	—
Change in short-term debt, net	(582)	(280)	(189)	(160)
Retirement of commercial paper	(73)	—	(41)	(32)
Net increase in notes payable with affiliate	—	—	284	208
Other financing activities	(8)	(3)	(1)	4
Total	$ (6,287)	$ 619	$ 20	$ (57)

See Note 8 to the Financial Statements in this Form 10-Q for information on 2021 short-term and long-term debt activity, equity transactions and PPL dividends. See Note 8 to the Financial Statements in the Registrants' 2020 Form 10-K for information on 2020 activity.

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 September 30, 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	$ 1,550	$ —	$ 15	$ 1,535
PPL Electric Credit Facility	650	—	1	649
LG&E Credit Facilities	500	—	—	500
KU Credit Facilities	400	—	—	400
Total Credit Facilities (a)	$ 3,100	$ —	$ 16	$ 3,084

(a) 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 - 6%, LG&E - 7% and KU - 7%.

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	$ 284	$ 425	$ 41
KU Money Pool (a)	650	208	350	92

(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 12 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 facility. The following commercial paper programs were in place at September 30, 2021:

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

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

Long-term Debt *(All Registrants)*

See Note 8 to the Financial Statements for information regarding the Registrants' long-term debt activities.

(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. PPL currently expects to repurchase approximately $1 billion by the end of 2021. 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 three and nine months ended September 30, 2021, PPL repurchased 9.6 million shares at a cost of $282 million.

From October 1 to October 31, 2021, PPL repurchased an additional 9.4 million shares at a cost of $269 million.

Commission fees incurred, which have been included in the cost of repurchases above, were insignificant through October 31, 2021.

See Note 8 to the Financial Statements for information regarding the Registrants' equity securities activities.

ATM

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 nine months ended September 30, 2021. The ATM program expired in February 2021.

Common Stock Dividends

In August 2021, PPL declared a quarterly common stock dividend, payable October 1, 2021, of 41.5 cents per share (equivalent to $1.66 per annum). Future dividends, declared at the discretion of the Board of Directors, will depend upon future earnings, cash flows, financial and legal requirements and other factors.

Rating Agency Actions

(All Registrants)

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 rating agencies have taken the following actions related to the Registrants and their subsidiaries during 2021:

(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 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 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 15 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 September 30, 2021.

(All Registrants)

For additional information on the Registrants' liquidity and capital resources, see "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Registrants' 2020 Form 10-K.

Risk Management

Market Risk

(All Registrants)

See Notes 14 and 15 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 September 30, 2021.

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

(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 September 30, 2021 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 September 30, 2021 is shown below.

	10% Adverse Movement in Rates
PPL	$ 390
PPL Electric	164
LG&E	73
KU	113

Foreign Currency Risk (PPL)

Prior to the sale of the U.K. utility business on June 14, 2021, PPL was exposed to foreign currency risk, primarily through investments in and earnings of U.K. affiliates. PPL had 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.

(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.

- Prior to the sale of the U.K. utility business on June 14, 2021, WPD was exposed to volumetric risk which was significantly mitigated as a result of the method of regulation in the U.K. Under the RIIO-ED1 price control regulations,

recovery of such exposure occurs on a two year lag. See Note 1 in PPL's 2020 Form 10-K for additional information on revenue recognition under RIIO-ED1.
- 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.

Credit Risk *(All Registrants)*

See Notes 14 and 15 to the Financial Statements in this Form 10-Q and "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial Condition - Risk Management - Credit Risk" in the Registrants' 2020 Form 10-K for additional information.

Foreign Currency Translation *(PPL)*

The value of the British pound sterling fluctuates in relation to the U.S. dollar. The impact of foreign currency translation is recorded in AOCI. Changes in this exchange rate resulted in a pre-tax foreign currency translation gain of $495 million for the nine months ended September 30, 2021, which primarily reflected a $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. Changes in this exchange rate resulted in a pre-tax foreign currency translation gain of $292 million for the nine months ended September 30, 2020, which primarily reflected a $477 million increase to PP&E, a $85 million increase to goodwill a $46 million increase to other net assets, partially offset by a $229 million increase to long-term debt and a $48 million increase to long term debt due within one year, and a $39 million increase to deferred income taxes.

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 nine months ended June 30, 2021. See Note 9 to the Financial Statements for additional information.

Related Party Transactions *(All Registrants)*

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 12 to the Financial Statements for additional information on related party transactions for PPL Electric, LG&E and KU.

Acquisitions, Development and Divestitures *(All Registrants)*

The Registrants from time to time evaluate opportunities for potential acquisitions, divestitures and development projects. Development projects are reexamined based on market conditions and other factors to determine whether to proceed with, modify or terminate the projects. Any resulting transactions may impact future financial results. See Note 9 to the Financial Statements for information on significant activities.

Environmental Matters *(All Registrants)*

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 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 "Environmental Matters" in Item 1. "Business" in the Registrants' 2020 Form 10-K for information about environmental laws and regulations affecting the Registrants' business. See "Legal Matters" in Note 11 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" in the Registrants' 2020 Form 10-K for information on projected environmental capital expenditures for 2021 through 2025. See Note 16 to the Financial Statements for information related to the impacts of CCRs on AROs.

The information below represents an update to “Item 1. Business – Environmental Matters – Air – NAAQS” and "Item 1. Business – Environmental Matters – Air – Climate Change" in the Registrants' 2020 Form 10-K.

NAAQS (PPL, LG&E and KU)

In March 2021, the EPA released final revisions to the Cross-State Air Pollution Rule (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 are currently assessing the potential impact of the CSAPR revisions on operations, but such impact is not expected to be material. Pursuant to the President’s executive order, the EPA is currently reviewing its previous determinations made in December 2020 to retain the existing NAAQS for ozone and particulate matter without change.

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)

The Biden administration is undertaking 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, could have far-reaching impacts on PPL’s business operations, products, and services. All of these developments, including the Build Back Better Agenda with a green power incentive and penalty structure, are preliminary or ongoing in nature and the Registrants cannot predict their final outcome or ultimate impact on operations.

New Accounting Guidance *(All Registrants)*

There has been no new accounting guidance adopted in 2021 and there is no new significant accounting guidance pending adoption as of September 30, 2021.

Application of Critical Accounting Policies *(All Registrants)*

Financial condition and results of operations are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. The following table summarizes the accounting policies by Registrant that 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. See "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Registrants' 2020 Form 10-K for a discussion of each critical accounting policy.

	PPL	PPL Electric	LG&E	KU
Defined Benefits	X	X	X	X
Income Taxes	X	X	X	X
Regulatory Assets and Liabilities	X	X	X	X
Price Risk Management	X			
Asset Impairment (Excluding Investments)	X		X	X
AROs	X		X	X
Revenue Recognition - Unbilled Revenue			X	X

Following is an update to the critical accounting policies disclosed in PPL's 2020 Form 10-K.

Income Taxes *(PPL)*

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, valuation allowances on deferred tax assets, as well as whether the undistributed earnings of WPD were considered indefinitely reinvested.

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. Accounting guidance allows a 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.

In light of the sale of PPL's U.K. utility business, indefinite reinvestment is no longer relevant. As such, PPL realized the outside book-tax basis difference in those assets. Accordingly, in June 2021, a current tax liability was recorded reflecting the estimated tax cost associated with the realization of that basis difference.

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

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Reference is made to "Risk Management" in "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations."

Item 4. Controls and Procedures

Although the COVID-19 pandemic prompted the Registrants to make certain procedural adjustments to accommodate an increased remote workforce, PPL’s accounting and reporting systems and functions were well prepared to perform necessary accounting and reporting activities as of September 30, 2021 and to maintain the effectiveness of its disclosure controls and procedures and internal control over financial reporting.

(a) Evaluation of disclosure controls and procedures.

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 September 30, 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 quarterly report has been prepared. The 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 and principal financial officers, to allow for timely decisions regarding required disclosure.

(b) Change in internal controls over financial reporting.

The Registrants' principal executive officers and principal financial officers have concluded that there were no changes in the Registrants' internal controls over financial reporting during the Registrants' third fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrants' internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding legal, tax, regulatory, environmental or other administrative proceedings that became reportable events or were pending in the third quarter of 2021 see:

- "Item 3. Legal Proceedings" in each Registrant's 2020 Form 10-K; and
- Notes 6, 7 and 11 to the Financial Statements.

Item 1A. Risk Factors

There have been no material changes in the Registrants' risk factors from those disclosed in "Item 1A. Risk Factors" of the Registrants' 2020 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of PPL Corporation Equity Securities by the Issuer and Affiliated Purchasers *(PPL)*

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 September 30, 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)
July 1 to July 31, 2021	—	$ —	—	$ —
August 1 to August 31, 2021	2,710,711	29.22	2,710,711	2,920,781,525
September 1 to September 30, 2021	8,046,246	29.16	8,046,246	2,686,179,221
Total (b)	10,756,957	$ 29.17	10,756,957	$ 2,686,179,221

(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 - Use of Proceeds from the Sale of the U.K. Utility Business - Share Repurchase" for additional information.
(b) Includes 1,142,890 shares purchased by a third party on behalf of PPL in September 2021. The shares were settled and transferred to PPL in October 2021.

Item 4. Mine Safety Disclosures

Not applicable.

Item 6. Exhibits

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)-23 are incorporated herein by reference. Exhibits indicated by a [_] are filed or listed pursuant to Item 601(b)(10)(iii) of Regulation S-K.

*[_]10(a)	- Transition and Retirement Agreement dated August 12, 2021, by and among Paul W. Thompson, LG&E and KU Services Company, and PPL Corporation

Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, for the quarterly period ended September 30, 2021, filed by the following officers for the following companies:

*31(a)	- PPL Corporation's principal executive officer
*31(b)	- PPL Corporation's principal financial officer
*31(c)	- PPL Electric Utilities Corporation's principal executive officer
*31(d)	- PPL Electric Utilities Corporation's principal financial officer
*31(e)	- Louisville Gas and Electric Company's principal executive officer
*31(f)	- Louisville Gas and Electric Company's principal financial officer
*31(g)	- Kentucky Utilities Company's principal executive officer
*31(h)	- Kentucky Utilities Company's principal financial officer

Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, for the quarterly period ended September 30, 2021, furnished by the following officers for the following companies:

*32(a)	- PPL Corporation's principal executive officer and principal financial officer
*32(b)	- PPL Electric Utilities Corporation's principal executive officer and principal financial officer
*32(c)	- Louisville Gas and Electric Company's principal executive officer and principal financial officer
*32(d)	- Kentucky Utilities Company's principal executive officer and principal financial officer

101.INS	- XBRL Instance Document - 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
101.CAL	- XBRL Taxonomy Extension Calculation Linkbase
101.DEF	- XBRL Taxonomy Extension Definition Linkbase
101.LAB	- XBRL Taxonomy Extension Label Linkbase
101.PRE	- XBRL Taxonomy Extension Presentation Linkbase
104	- The Cover Page Interactive Data File is formatted as Inline XBRL and contained in Exhibits 101.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized. The signature for each undersigned company shall be deemed to relate only to matters having reference to such company or its subsidiaries.

PPL Corporation
(Registrant)

Date: November 4, 2021

/s/ Marlene C. Beers
Marlene C. Beers
Vice President and Controller
(Principal Accounting Officer)

PPL Electric Utilities Corporation
(Registrant)

Date: November 4, 2021

/s/ Stephen K. Breininger
Stephen K. Breininger
Vice President-Finance and Regulatory Affairs and Controller
(Principal Financial Officer and Principal Accounting Officer)

Louisville Gas and Electric Company
(Registrant)

Kentucky Utilities Company
(Registrant)

Date: November 4, 2021

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Transition and Retirement Agreement

This Transition and Retirement Agreement ("**Agreement**") is made between you, **Paul W. Thompson**, LG&E and KU Services Company ("**LKE**"), and PPL Corporation and sets forth the terms of your transition, termination of employment, and retirement from PPL Corporation, LKE, and their respective affiliates (together, the "**Company**"). This Agreement will become effective upon the "**Effective Date**" as specified in Section 14(a), below. Once effective, this Agreement will be a legally binding document representing the entire agreement between you and the Company regarding the subjects it covers. Throughout this Agreement, the term "**Company**" includes all of the Company's affiliates and related entities, and their current and former trustees, officers, agents, employees, insurers and attorneys, the PPL Corporation Executive Severance Plan ("**Severance Plan**") and all other employee benefit plans and arrangements and their administrators, trustees and other fiduciaries, and all successors and assigns of all of the foregoing.

1. **Separation Date**. Your last day of employment with the Company is December 31, 2021 (the ("**Separation Date**") and the date upon which you will retire is January 1, 2022 and your employment with the Company will thereupon terminate. You will step down as President and Chief Executive Officer of LKE on October 1, 2021. During the October 1, 2021 through December 31, 2021 transition period, you will continue in employment with the Company as a full-time employee, at the same compensation level, with the title of Executive Vice President. During such transition period, you will provide assistance to your successor on an as-needed basis, as requested by the Company, and you will be required to carry out such transition and other functions as yonr successor or the Chief Executive Officer of the Company deems to be in the best interest of the Company.

2. **Consideration**.

(a) **Eligibility.** Provided that you sign and do not revoke this Agreement, including the waiver and release of claims in favor of the Company and restrictive covenants contained in it, within 21 days of receiving this Agreement and you again sign and do not revoke this Agreement within 21 days after the Separation Date, the Company agrees to provide you with the payments and benefits provided for under the Severance Plan as set forth in Section 2(b), below.

(b) **Consideration.** Subject to satisfying the eligibility criteria in Section 2(a), above, and pursuant to the applicable terms of the Severance Plan, the Company agrees to provide you with the following payments and benefits (collectively referred to as the "**Separation Benefits**"):

(i) **Salary Payment.** The Company will pay you a lump sum cash payment of $ **1,365,600**, which is equal to two years of your base salary. Payment will be made on the first regularly scheduled Company payroll date immediately following the date that is six months after the Separation Date.

(ii) **COBRA Payment.** The Company will pay you a lump sum cash payment equal to the aggregate amount of the employee portion of COBRA premiums (based on the rate in effect as of the Separation Date) for 24 months. Payment will be made on the first regularly scheduled Company payroll date immediately following the date that is six months following the Separation Date.

(iii) **Lump Sum Payment.** The Company will pay you a lump sum cash payment of $22,000, in lieu of outplacement and financial planning services. Payment will be made on the first regularly scheduled Company payroll date immediately following the date that is six months following the

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Separation Date.

(c) **Other Payments**. Regardless of whether you sign this Agreement:

(i) The Company will provide you with any earned but unpaid base salary through the Separation Date, reimbursement for any outstanding expenses for which you have not been reimbursed and which are authorized, any accrued but unused vacation, and any vested benefits under the Company's employee benefit plans in which you participate, including the LG&E and KU Supplemental Executive Retirement Plan, in accordance with the terms of such plans, as accrued through the Separation Date.

(ii) Consistent with the retirement provisions of the Company's short term incentive plan, you shall be eligible to receive a short-term cash incentive award ("**STI Award**") for services rendered in 2021, payable in 2022 at the time 2021 STI Awards are paid to eligible employees. The gross amount of this STI Award shall be calculated according to the funding level, which is set by the Company in its sole discretion.

(iii) Consistent with the retirement provisions of the Company's long-term incentive plan, your outstanding restricted stock units and performance unit awards will be administered according to the retirement provisions of the applicable grant agreements.

3. **Benefits Termination**. For purposes of any benefits provided under any Company benefits plan, your employment will terminate on the Separation Date. For information on continuing health benefits through COBRA, see below. If there are any discrepancies between this Agreement and the applicable benefit plan documents, the applicable plan documents will govern. The Company reserves the right, in its sole discretion, to change or discontinue its benefit plans at any time, with or without prior notice.

4. **Continuation of Health Coverage**. You will receive information, under separate cover, regarding your rights under the COBRA health coverage continuation provisions of applicable law, as well as time frames necessary for continuations, conversions and/or distribution of benefits under the Company's benefit programs after your employment terminates.

5. **Release of Claims**. In exchange for the Separation Benefits, you hereby waive, to the fullest extent permitted by law, all claims available under federal, state or local law against the Company and the trustees, officers, employees, and agents of the Company, including but not limited to all claims arising out of your employment with the Company or the termination of that employment, or arising under the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the Americans with Disabilities Act, the Civil Rights Act of 1991, the Employee Retirement Income Security Act, the Equal Pay Act, the Genetic Information Non-discrimination Act, the Family and Medical Leave Act, Section 1981 of U.S.C, Title VII of the Civil Rights Act of 1964, as amended, the Kentucky Civil Rights Act, including age and sexual harassment claims, the Kentucky Equal Opportunities Act, the Kentucky Wage Discrimination Because of Sex Law, the Kentucky law regarding military leave and re-employment rights (Ky. Rev. Stat. Ann. § 38.238), the Kentucky Equal Pay Act, the Kentucky Leave of Absence to Adopt a Child Law, the Kentucky Minimum Wage Law, the Kentucky Occupational Safety and Health Law, retaliation provision of the Kentucky Workers' Compensation Act (Ky. Rev. Stat. Ann. § 342.197), as well as any claims arising under any federal, state or local fair employment practices statutes, regulations, or ordinances, wrongful termination claims, breach of contract claims, discrimination claims, harassment claims, retaliation claims, whistleblower claims (to the fullest extent they may be released under applicable law), defamation or other

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tort claims, and claims for attorneys' fees and costs.

Notwithstanding the foregoing, you are not waiving your right to (i) any vested benefits under a Company benefit plan, the rights to which are governed by the terms of the applicable plan documents and/or award agreement, (ii) claims for unemployment or workers' compensation benefits, (iii) any medical claim incurred during your employment that is payable under applicable medical plans or a Company-insured liability plan, (iv) claims arising after the date on which you sign this Agreement, (v) any rights to indemnification and defense under the Company's bylaws and under directors and officers insurance with respect to your service as an employee or officer of the Company, or (vi) claims that are not otherwise waivable under applicable law.

6. **Continuing Obligations**. You agree to the following:

(a) **Non-Solicitation of Employees**. You understand and acknowledge that the Company has expended and continues to expend significant time and expense in recruiting and training its employees and that the loss of employees would cause significant and irreparable harm to the Company. You agree and covenant not to directly or indirectly solicit, hire, recruit, attempt to hire or recruit, or induce the termination of employment of any employee of the Company for the remainder of your employment with the Company and for one year following the Separation Date.

(b) **Confidential Information**. You acknowledge that during your employment you became and will become privy to certain trade secrets and other confidential proprietary information concerning the Company not generally known to the public including, but not limited to, information about employees of the Company, information about finances, costs, business and strategic plans of the Company, and related information ("**Confidential Information**"). You agree not to use or disclose, either directly or indirectly, any Confidential Information until such time as the information becomes generally known to the public through no fault of your own, except as required to comply with any properly issued court order, regulatory order, or subpoena requiring testimony.

(c) **Limits on Adverse Comments**. Except as provided in Section 9 below, you agree that you will not make or authorize any written or oral statements that are false, disparaging or defamatory about the Company or its affiliates or their respective directors, officers or employees. PPL Corporation will direct its executive officers not to make or authorize any written or oral statements that are false, disparaging or defamatory about you, except as provided in Section 9 below.

(d) **Duty of Cooperation**. You agree to reasonably cooperate with the Company and its counsel after the Separation Date with respect to any matter (including any litigation, investigation, or governmental proceeding) which relates to your employment with the Company. This cooperation may include appearing from time-to-time for conferences and interviews at mutually agreeable times and providing the officers of the Company and its counsel with the full benefit of your knowledge with respect to any such matter. The Company agrees to reimburse you for any reasonable out-of-pocket expenses incurred by you in connection with such cooperation and mutually agreed upon in advance by you and the Company.

(e) **Remedies**. In the event of a breach or threatened breach by you of Sections 6(a) through (d) of this Agreement, you hereby consent and agree that money damages would not afford an adequate remedy and that Company shall be entitled to seek a temporary or permanent injunction or other equitable relief against such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages. Any equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages, or other available relief.

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7. **Return of Records and Equipment**. On or by your Separation Date, you will return to the Company all documents, manuals, office equipment, credit cards and other things belonging to the Company which you have borrowed or which you possess or control. To the extent that you have made use of your own personal computing devices (e.g., PDA, laptop, thumbdrive, etc.) during employment with the Company, you agree to delete all Company property and information from such personal computing devices, and/or permit the Company to remotely delete all Company property and information from such personal computing devices. You authorize the Company to deduct from your paycheck or amounts paid under this Agreement any money owed the Company as a result of items which are not returned or for loans or advances you have received and which remain unpaid, if you agreed to allow such deductions at the time the loans or advances were made.

8. **Confidentiality of this Agreement**. Neither you nor any of your representatives shall in any way publicize in or give comment to any print, broadcast or electronic medium (including, but not limited to, the Internet) as to the fact of this Agreement and/or the terms and conditions of this Agreement, including, without limitation, the consideration, including the Separation Benefits, except to the extent disclosure is required by law, including under any applicable securities rule or regulation, and subject to Section 9 below. You shall not, however, be precluded from disclosing the terms and conditions of this Agreement in a subsequent proceeding relating to breach or enforcement of this Agreement.

9. **Reports to Government Entities**. Nothing in this Agreement, including the Limit on Disclosures, Limits on Adverse Comments, or Release of Claims clauses, restricts or prohibits you from initiating communications directly with, responding to any inquiries from, providing testimony before, providing confidential information to, reporting possible violations of law or regulation to, or from filing a claim or assisting with an investigation directly with a self-regulatory authority or a government agency or entity, including without limitation the EEOC, ("**Regulators**"), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. However, you are waiving your right to receive any individual monetary relief from the Company or any others covered by the Release of Claims resulting from such claims, regardless of whether you or another party has filed them, and in the event you obtain such monetary relief, the Company will be entitled to an offset for the payments made pursuant to this Agreement, except where such limitations are prohibited as a matter of law.

Please take notice that federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose a trade secret to their attorney, a court, or a government official in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

10. **No Other Amounts Due**. You acknowledge that the Company has paid you all wages, salaries, bonuses, benefits and other amounts earned and accrued, less applicable deductions, and that the Company has no obligation to pay any additional amounts, other than the payments and benefits described herein. You further acknowledge that the payments and benefits provided under this Agreement fully satisfy the Company's obligations to provide benefits under the Severance Plan or any other Company benefit plan which could provide severance or other similar benefits.

11. **Notices**. Notices and all other communications provided for in this Agreement shall be delivered (a) to you at the last address maintained in the Company's records, and (b) to the Company by delivering such notice or communications to the individual and at the address, including e-mail address, set forth below.

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Wendy E. Stark
Senior Vice President, General Counsel and Corporate Secretary
PPL Corporation
2 North 9th Street,
GENTW 16,
Allentown, PA 18101
E-mail Address: wstark@pplweb.com
Telephone Number: (610) 774-6872

12. **Medicare Disclaimer**. You represent that you are not a Medicare Beneficiary as of the time you enter into this Agreement. To the extent that you are a Medicare Beneficiary, you agree to notify the Company in accordance with the notice provisions set forth in Section 11, above.

13. **Acknowledgement of Voluntariness and Time to Review**. You acknowledge that:

(a) You have read this Agreement and you understand it;

(b) You are signing this Agreement voluntarily in order to release your claims against the Company in exchange for the Separation Benefits, which, in the aggregate, are greater than you would have otherwise received;

(c) You are signing this Agreement twice: the first time, within 21 days of receiving it; and the second time, upon or within 21 days after the Separation Date;

(d) You were offered at least 21 days to consider your choice to sign this Agreement both times;

(e) The Company advises you to consult with an attorney;

(f) You know that you can revoke this Agreement within 7 days of signing it and that the Agreement does not become effective until that 7-day period has passed;

(g) If you sign and do not revoke this Agreement within 21 days of receiving it, and then you do not reaffirm the Agreement (or you revoke the reaffirmation) upon or after the Separation Date, the Company will not be obligated to pay you the Separation Benefits, as set forth herein;

(h) To revoke this Agreement, you agree to notify the Company in accordance with the notice provisions set forth in Section 11, above;

(i) You agree that changes to this Agreement before its execution, whether material or immaterial, do not restart your time to review the Agreement; and

(j) You acknowledge that nothing in this Agreement is an admission of any wrongdoing, liability, or unlawful activity by you or by the Company.

14. **Effective Date.**

(a) **Effective Date**. This Agreement will become effective and enforceable upon the expiration of the seven (7) business day revocation period provided for in Section 13(f), above (the "**Effective Date**"). If you fail to return an executed original to the Company in accordance with the notice provisions set forth in Section 11, above, within 21 days after you receive this Agreement, then this Agreement, including but not limited to the obligation of the Company to provide the Separation Benefits (which obligation to provide Severance Benefits is also conditioned on your signing and not revoking the Agreement a second time as described above), shall be deemed automatically null and void.

(b) **Revocation Period**. When you sign this Agreement the first time, the Agreement becomes effective immediately after the 7-day revocation period following that signature, if you do not revoke the Agreement. When you sign this Agreement the second time, your second signature becomes effective immediately after the 7-day revocation period following that second signature, if you do not revoke the Agreement.

15. **Tax Withholding/Taxes**. You understand that all payments under this Agreement are taxable income to you and subject to applicable tax withholding. Further, the Company does not make nor has it made any representation, warranty or guarantee of any federal, state or local tax consequences to you of your receipt of any payment hereunder, including, but not limited to, under Section 409A of the Internal Revenue Code of 1986, as amended.

16. **Entire Agreement**. This Agreement contains the full agreement between you and the Company and completely supersedes any prior written or oral agreements or representations concerning the subject matter thereof. Any oral representation or modification concerning this Agreement shall be of no force or effect.

17. **Severability**. In the event a court, arbitrator, or other entity with jurisdiction determines that any portion of this Agreement (other than the general release clause) is invalid or unenforceable, the remaining portions of the Agreement shall remain in full force and effect.

18. **Governing Law**. This Agreement shall be governed by and construed according to the laws of the Commonwealth of Pennsylvania, without reference to that jurisdiction's choice of law rules.

19. **Signature**. If you choose to accept this Agreement, please sign the Agreement, and return this Agreement to the Company in accordance with the notice provisions set forth in Section 11, above, no later than 21 days after you receive this Agreement.

[Signature Page Follows.]

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8/11/2021

I agree to all terms of the Agreement as of the date of this signature.

(To Be Signed Within 21 Days after Receiving the Agreement)

Paul W. Thompson

Date: August 12, 2021

PPL Corporation

By: Vincent Sorgi

Title: President & CEO - PPL Corp

Date: August 13, 2021

LG&E and KU Services Company

By: John R. Crockett III

Title: General Counsel, Chief Compliance Officer & Corporate Secretary

Date: August 13, 2021

(To Be Signed upon or within 21 Days after the Separation Date)

Paul W. Thompson

Date:

Exhibit 31(a)

CERTIFICATION

I, VINCENT SORGI, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PPL Corporation (the "registrant");

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: November 4, 2021

/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 quarterly report on Form 10-Q of PPL Corporation (the "registrant");

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: November 4, 2021

/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 quarterly report on Form 10-Q of PPL Electric Utilities Corporation (the "registrant");

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: November 4, 2021

/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 quarterly report on Form 10-Q of PPL Electric Utilities Corporation (the "registrant");

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: November 4, 2021

/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 quarterly report on Form 10-Q of Louisville Gas and Electric Company (the "registrant");

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: November 4, 2021

/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 quarterly report on Form 10-Q of Louisville Gas and Electric Company (the "registrant");

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: November 4, 2021

/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 quarterly report on Form 10-Q of Kentucky Utilities Company (the "registrant");

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: November 4, 2021

/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 quarterly report on Form 10-Q of Kentucky Utilities Company (the "registrant");

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: November 4, 2021

/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-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2021

In connection with the quarterly report on Form 10-Q of PPL Corporation (the "Company") for the quarter ended September 30, 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: November 4, 2021

/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-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2021

In connection with the quarterly report on Form 10-Q of PPL Electric Utilities Corporation (the "Company") for the quarter ended September 30, 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 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: November 4, 2021

/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-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2021

In connection with the quarterly report on Form 10-Q of Louisville Gas and Electric Company (the "Company") for the quarter ended September 30, 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: November 4, 2021

/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-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2021

In connection with the quarterly report on Form 10-Q of Kentucky Utilities Company (the "Company") for the quarter ended September 30, 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: November 4, 2021

/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.

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

TABLE OF CONTENTS

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

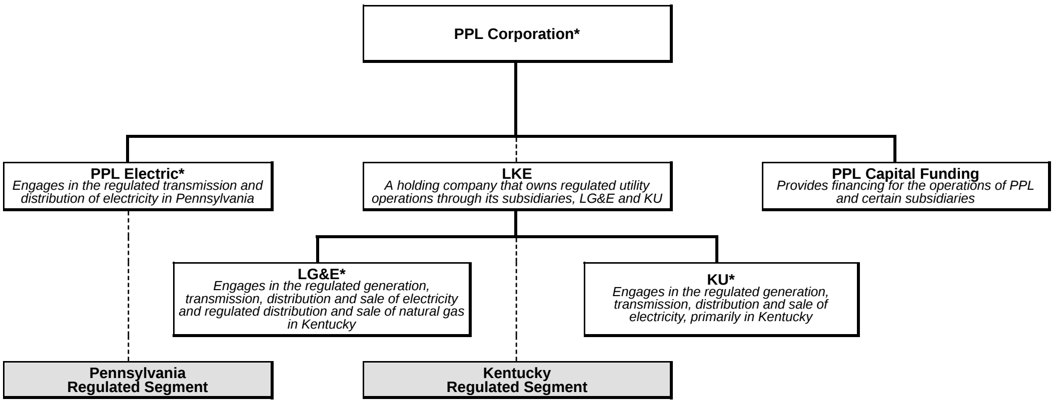
ITEM 1. BUSINESS

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.

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.

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.

	Balance at Beginning of Period	Additions: Charged to Income	Additions: 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

	2021	2020	2019
Reconciliation of Income Tax Expense (Benefit)			
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.

	2021	2020	2019
Taxes, other than income			
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 2021	LG&E 2020	KU 2021	KU 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 2021	LG&E 2020	KU 2021	KU 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.

				Annual Grant Limit For Individual Participants - Performance Based Awards	
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)	For awards denominated in shares (Shares)	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:

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.

Talen Litigation *(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)

Table of Contents

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
Steven G. Elliott
Venkata Rajamannar Madabhushi
Heather B. Redman
Craig A. Rogerson
Natica von Althann
Keith H. Williamson
Phoebe A. Wood
Armando Zagalo de Lima

/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
Lonnie E. Bellar
/s/ Joseph P. Bergstein, Jr.
Joseph P. Bergstein, Jr.
/s/ Kent W. Blake
Kent W. Blake

/s/ John R. Crockett III
John R. Crockett III
/s/ Gregory N. Dudkin
Gregory N. Dudkin

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

Exhibit 10(dd)-1

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

PPL Corporation
Two North Ninth Street
Allentown, PA 18101-1179
Tel. 610.774.5151
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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: ______________________
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
    - Normalized MWh Usage = 1257.7 + (18.32 *CDD) + (4.71 * HDD)
    - Normalized MMBtu Usage = 0 + (78.37 * 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.

Execution Version

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 **Exhibit 21**
Subsidiaries of the Registrant
At December 31, 2021

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

Exhibit 24

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.

Transfer of Assets

The following asset was transferred from LG&E to KU in 2021:

June 2021	Pad-mount transformer, 3 phase	$9,503.53

The following assets were transferred from KU to LG&E in 2021:

June 2021	Pad-mount transformer, 1 phase	$3,113.35
June 2021	Pad-mount transformer, 1 phase	3,302.69
September 2021	Pad-mount transformer, 1 phase	3,727.53
September 2021	Pole-mount transformer, 1 phase	1,892.25

INTERCOMPANY MONTHLY INVOICES

Monthly invoices are prepared for reimbursement of non-fuel related expenses incurred by LG&E or KU for LG&E, KU, LG&E and KU Services Company (LKS), LG&E and KU Energy LLC (LKE) and subsidiaries. The invoices are provided to LKS, LKE, and subsidiaries by the 10th business day of the subsequent month with payment due by the 13th business day of the month.

The invoices and cash disbursement requests related to fuel and fuel-related products are paid throughout the month whenever cumulative unreimbursed amounts of invoices exceed $1 million. All billings between the regulated utilities (LG&E/KU) and non-regulated entities (LKS/LKE) are billed and settled on a net basis.

Monthly reconciliation and balancing procedures are performed for all entities receiving and providing intercompany charges to ensure the accuracy of such transactions.

In addition, monthly charges from PPL Corporation and its subsidiaries are received by LKS. Certain of these transactions which are directly attributable to LG&E and KU are charged to LG&E and KU, but are billed and settled through LKS.

LG&E and KU had a service agreement in place to provide rental of data center facilities to a subsidiary of PPL Corporation. This agreement was terminated in May 2021. Data center rental and telecommunication expenses were billed and settled by LKS on behalf of LG&E and KU to PPL EU Services Corporation.

Mutual assistance services and sale of goods not readily available from the market are billed by LG&E and KU to PPL Electric Utilities, Inc. (and vice versa) as incurred, and settled through LG&E, KU, or LKS.

In 2021, LG&E personnel participated in integration work in preparation for PPL Corporation's acquisition of the The Narragansett Electric Company in 2022. This work was directly charged by LG&E to PPL Energy Holdings, LLC and to PPL Rhode Island Holdings, LLC, subsidiaries of PPL Corporation, via billing and settlement through LKS.

INTERCOMPANY POWER SALES AND PURCHASES

Monthly journal entries are prepared for off-system sales, off-system and native load purchases, and intercompany power sales and purchases between LG&E and KU. The After-the-Fact Billing system (AFB) is used to stack hourly energy, which allocates energy sources (generation and purchased power) to energy sinks (KU native load, LG&E native load and off-system sales (OSS)). The stacking is performed based on the energy cost where lowest cost energy is allocated to native load and highest cost energy is allocated to OSS, consistent with the companies' Power Supply System Agreement.

Outputs from the AFB program (queries) are used as inputs into an Excel spreadsheet. The spreadsheet calculates the allocation of third party and intercompany purchases between LG&E and KU. It also calculates the split between native load and off-system purchases, and uses the generation expenses for both companies to calculate the allocation of OSS between the companies.

COSTS OF JOINTLY OWNED TRIMBLE COUNTY UNITS

LG&E and KU, together with Illinois Municipal Electric Agency and Indiana Municipal Power Agency (IMEA & IMPA), jointly own Trimble County Unit 2 (TC2), a 732 net MW summer capacity coal-fired unit. LG&E also owns 75% of Trimble County Unit 1 (TC1), a 493 net MW summer capacity coal-fired unit, with IMEA & IMPA owning the remaining 25%. The ownership of these two coal-fired units is depicted in the table below.

	TC1	**TC2**	**TC 2 LG&E - KU only**
LG&E	75.00%	14.25%	19.00%
KU		60.75%	81.00%
Total LG&E and KU		75.00%	100.00%
IMEA/IMPA	25.00%	25.00%	
Total ownership	100.00%	100.00%	

All capital costs and operation and maintenance expense charges for TC2 are allocated among the joint owners according to their respective ownership percentages, with LG&E's and KU's allocated 75% charged 81% to KU and 19% to LG&E. All capital costs and operation and maintenance expense charges for TC1 are allocated among the joint owners according to their respective ownership percentages, with LG&E charged 75% of the charges. Fuel expenses are allocated based on the percentage of total generation sent to the joint owners.

All capital costs and operation and maintenance expense charges incurred for both TC2 and TC1 are allocated 25% to IMEA & IMPA. LG&E's and KU's combined 75% of these costs is allocated based on the nameplate ratings and percentage ownership, with 52% charged to LG&E and 48% charged to KU.

ALLOCATION OF JOINTLY-USED BUILDINGS AND EQUIPMENT

LG&E Center

The LG&E Center is owned by a third party and leased by LG&E and KU Energy LLC. Expenses incurred for renting a portion of the LG&E Center are billed to affiliates of LKE by its billing agent, LG&E and KU Services Company (LKS), for the occupation of office space by employees of LKS, LG&E and KU.

The monthly allocation of rent expense for the LG&E Center (comprised of a portion of the basement, a portion of the first floor (lobby), the second through sixteenth floors, a portion of the nineteenth floor, the twentieth floor, the twenty-third floor, and common areas for which LKE is billed) is based on the Number of Employees ratio as described in the Cost Allocation Manual (CAM). Charges are allocated to LG&E, KU and LG&E and KU Capital LLC (LKC)**.** The rented portion of the nineteenth floor is not included in the building lease. The operation and maintenance expenses are allocated for the LG&E Center, which is based on the Number of Employees ratio as described in the CAM. Expenses are charged to LKE in equal portions over each annual period and adjusted annually. These expenses are not considered part of LKE's minimum lease payments.

Jointly-Used Assets

Jointly-Used Assets are buildings and related assets such as parking lots and driveways which were originally constructed and owned by a single company (generally either LG&E or KU) but are subsequently being used by more than one company. Rent is charged to the companies benefitting from the use of the building assets by the company owning the building.

Jointly used assets include the following locations:

- Broadway Office Complex (including the Health Clinic)
- One Quality Street
- Dix Transmission Control
- LG&E Building Leasehold Improvements
- Pineville Call Center
- Morganfield
- Riverport
- East Operations Safety and Technical Training Center
- Auburndale Health Clinic

In addition, the Simpsonville Data Center is a *jointly-owned* asset (by LG&E, KU and LKC) which is jointly-used by PPL EU Services Corporation. Rent is charged to PPL based on the terms of a specific agreement between LG&E and KU Services Company (LKS) and PPL EU Services Corporation, known as the Hosting Services Agreement.

LKS Assets

Certain assets (PCs and LG&E Building leasehold improvements) reside on the books of LKS and are solely owned by LKS. These assets are used by the LKS employees to aid them in the performance of their services for its affiliates, including LG&E and KU. The depreciation on these assets is initially recorded on LKS and then allocated to LG&E, KU and LKC based on the ratios as defined in the CAM.

Certain other assets (IT assets, office furniture, etc.) reside on the books of LKS. These assets are jointly owned by LKS and other affiliates. The depreciation on these assets is initially recorded on LKS and then allocated to LKC.

COSTS OF JOINTLY OWNED COMBUSTION TURBINES

Simple Cycle Combustion Turbines

LG&E and KU jointly own ten simple cycle combustion turbines (CT) located at the Paddy's Run facility, Trimble County Generating Station, and E.W. Brown facility. All operations and maintenance expenses attributable to the Paddy's Run, Trimble County, and E.W. Brown CTs are accumulated and billed according to the percentage of ownership. The percentage of ownership and megawatt capacity is listed in the table below (capacity based on net summer capability).

Facility	MW Capacity	LG&E	KU
Paddy's Run 13	147	53%	47%
Trimble County 5	159	29%	71%
Trimble County 6	159	29%	71%
Trimble County 7	159	37%	63%
Trimble County 8	159	37%	63%
Trimble County 9	159	37%	63%
Trimble County 10	159	37%	63%
E.W. Brown 5	130	53%	47%
E.W. Brown 6	146	38%	62%
E.W. Brown 7	146	38%	62%

Automated allocations of costs using ownership percentages are processed in the Oracle General Ledger system and generate intercompany transactions between LG&E and KU. All transactions flow through the intercompany receivable account. The costs for the Paddy's Run and Trimble County CTs are accumulated in LG&E and transferred to KU per the ownership percentage. The costs for the E.W. Brown CTs are accumulated in KU and transferred to LG&E per the ownership percentage.

When costs are accumulated in LG&E and transferred to KU, an intercompany receivable is debited and the appropriate expense is credited. KU debits the appropriate expense account and credits an intercompany receivable. When costs are accumulated in KU and transferred to LG&E, an intercompany receivable is debited and the appropriate expense is credited. LG&E debits the appropriate expense account and credits an intercompany receivable. The amounts are then netted to establish an intercompany receivable for KU or LG&E and an intercompany payable for LG&E or KU.

Capital charges are paid by one of the utilities and allocated to the other based on percentage of ownership. Additionally, manual journal entries are prepared each month for the applicable portion of the gas used by the CTs. The journal entries split the gas cost between LG&E and KU based on the percentage of ownership.

<u>Combined Cycle Gas Combustion Turbine</u>

In 2015, LG&E and KU completed the construction of a natural gas combined cycle (NGCC) unit at the Cane Run site owned by LG&E. This unit has a 662 MW net summer capacity and is jointly owned by LG&E (22%) and KU (78%). Capital costs of Cane Run 7 are allocated according to the 22% LG&E and 78% KU ownership split.

Automated allocations of costs using the Cane Run 7 ownership percentages are processed in the Oracle General Ledger system and generate intercompany transactions between LG&E and KU. Operation and maintenance costs are accumulated at LG&E and transferred to KU, and an intercompany receivable is debited and the appropriate expense is credited. KU debits the appropriate expense account and credits an intercompany receivable. The amounts are then netted with other intercompany transactions between LG&E and KU to establish an intercompany receivable for KU or LG&E and an intercompany payable for LG&E or KU.

CASH COLLECTED AND PAID BY LG&E ON BEHALF OF KU

For the convenience of our suppliers and customers for purchased power and off system sales, and due to generating units being jointly dispatched, KU and LG&E have combined their billing and payments. This gives the appearance of one company to customers and suppliers.

Internally, sales and purchases are split between KU and LG&E and each company records its payable and receivable to the appropriate account.

As LG&E makes payments to various vendors for purchased power, the disbursement request is split into the appropriate portions applicable to each company. LG&E issues the payment through its Accounts Payable Department and bills KU for the expenditures made on behalf of KU. The Oracle General Ledger system automatically creates the intercompany payable and receivable as transactions are posted. The amount KU owes LG&E is included on the intercompany billing from LG&E.

As LG&E receives payments for power sales, the money received is split into the appropriate amounts for each company and a monthly journal entry for the cash received on behalf of KU is recorded to create a payable to KU.

As payments are received by LG&E (KU) for off system sales, some of the same customers may have sold power to LG&E (KU). For the customers' convenience, when the contract allows, the payments are netted. Netted payments are booked by each utility as the gross amount of the receivable and payable.

In addition, certain other receivables and payables which benefit both LG&E and KU are processed through only one of the companies for convenience or efficiency. The cash received and disbursement requests are split into the appropriate portions applicable to each company.

Intercompany receivables and payables are billed on the normal billing to the respective company and settled on the 13th business day of the month following the transaction. See Tab 3 for a description of the intercompany monthly invoices.

Intercompany interest is calculated for these transactions that are paid/held and settled. Interest is calculated on a daily-accumulated balance of monies received and paid by LG&E on behalf of KU, and vice versa. Consistent with the 2011 Utility Money Pool Agreement, interest is calculated from the day the money is received or paid through the day of the Intercompany cash settlement. In June 2020 the FERC order (ES20-21-000) required the interest rate on short-term debt not exceed the highest of the 30-day London Interbank Offered Rate (LIBOR) at the date of the issuance plus up to 200 basis points, or the Prime Rate. Using the money pool rate, interest is calculated and a monthly journal entry is manually created to record the interest related to the intercompany receivable/payable. In 2021 this interest rate averaged 0.24%.

LG&E and KU Services Company

Cost Allocation Manual

Effective [January 1, 2020]

CAM	Cost Allocation Manual
CCS	Customer Care System
FERC	Federal Energy Regulatory Commission
HR	Human Resources
IT	Information Technology
KPSC	Kentucky Public Service Commission
KU	Kentucky Utilities Company
LG&E	Louisville Gas and Electric Company
LKC	LG&E and KU Capital LLC
LKE	LG&E and KU Energy LLC
LKE Foundation	LG&E and KU Foundation
LKS	LG&E and KU Services Company
PPL	PPL Corporation
PPL Capital	PPL Capital Funding, Inc.
PPLEU	PPL Electric Utilities Corporation
PPLEU Services	PPL EU Services Corporation
PPL Insurance	PPL Power Insurance, Ltd.
PPL Services	PPL Services Corporation
PUHCA 2005	The Public Utility Holding Company Act of 2005
SEC	U.S. Securities and Exchange Commission
VSCC	Virginia State Corporation Commission

Table of Contents

I. INTRODUCTION

PUHCA 2005 states that centralized service companies must maintain and make available to the FERC their books, accounts and other records in the specific manner and preserve them for the required periods as the FERC prescribes in Title 18 Code of Federal Regulations Part 368 of the FERC Uniform System of Accounts. These records must be in sufficient detail to permit examination, audit, and verification, as necessary and appropriate for the protection of utility customers with respect to jurisdictional rates. The purpose of this CAM is to document the methods, policies and procedures that LKS will follow in performing certain services for affiliate companies and in receiving certain services or charges for affiliated companies from PPL Services, PPLEU Services and other PPL entities. In developing this CAM the overriding goal was to protect investors and consumers by ensuring the methods, policies and procedures contained in this CAM were PUHCA 2005 compliant so that LKS, PPL Services, and PPLEU Services costs are fully segregated, and fairly and equitably allocated among the affiliate companies. LKS was authorized to conduct business as a service company for LKE and its various subsidiaries and affiliates by order of the SEC on December 6, 2000, and commenced operations January 1, 2001. LKE is a Kentucky limited liability company and the parent of KU and LG&E. KU and LG&E are subject to the jurisdiction of and oversight by the KPSC. In addition, KU is subject to the jurisdiction of and oversight by the VSCC. PPL Services and PPLEU Services are Delaware corporations authorized to conduct business as service companies for PPL and its various subsidiaries and affiliates, including LKE. Under Kentucky regulatory law, KU and LG&E are required to have a cost allocation manual on file with the KPSC. KU is required to have a services agreement for any affiliate transaction approved by the VSCC prior to the transaction.

Periodic changes to the CAM may be necessary due to future management decisions, changes in the law, interpretations by state or federal regulatory bodies, changes in structure or activities of affiliates, or other internal procedures.

II. CORPORATE ORGANIZATION

OVERVIEW

LKE is an indirect wholly-owned subsidiary of PPL, headquartered in Allentown, Pennsylvania. LKE has five direct subsidiaries: LG&E, KU, LKC, and LKS. LKE has an affiliate relationship with LKE Foundation due to overseeing all operations of the foundation.

LKE and its utility subsidiaries are engaged principally in the generation, transmission, distribution and sale of electricity. LG&E is also engaged in the storage, distribution, and sale of natural gas. LKE and its subsidiaries are subject to the regulatory provisions of PUHCA 2005. LG&E and KU are subject to regulation by the FERC and the KPSC. KU is also subject to regulation by the VSCC.

PPL is a holding company with nine direct subsidiaries, including LKE, PPLEU, PPL Services, PPLEU Services, PPL Capital Funding, Inc., PPL Insurance, and PPL Energy Funding

Corporation, the direct parent of CEP Reserves Inc. PPL, PPLEU, PPL Services and PPLEU Services are subject to the provisions of PUHCA 2005.

LKE's UTILITY OPERATIONS

LG&E, incorporated in Kentucky in 1913, is a regulated public utility engaged in the generation, transmission, distribution and sale of electric energy and the storage, distribution and sale of natural gas. LG&E is a wholly-owned subsidiary of LKE. LG&E supplies electricity and natural gas to customers in Louisville and adjacent areas in Kentucky.

KU, incorporated in Kentucky in 1912 and in Virginia in 1991, is a regulated public utility engaged in the generation, transmission, distribution and sale of electric energy in Kentucky and Virginia. KU is a wholly-owned subsidiary of LKE.

LG&E and KU have mutual assistance agreements with PPLEU for system restoration in emergencies.

SERVICE COMPANIES

LKS, a Kentucky corporation, is a centralized service company registered under PUHCA 2005 and is authorized to conduct business as a service company for LKE and its various subsidiaries and affiliates by order of the SEC dated December 6, 2000, and commencing operation January 1, 2001. LKS is the service company for affiliated entities, including LKE, LG&E, KU, and LKC and provides a variety of administrative, management, engineering, construction, environmental and support services. LKS provides its services at cost, as permitted under PUHCA 2005.

Development of the LKS organization was predicated on the fact that if the employee performed activities benefiting more than one affiliate, that employee would become a part of the LKS organization. In many respects, employees working in typical finance, administrative and general, management and other support departments are fully subject to LKS organizational placement.

Many operational employees dedicated to providing a service to just one affiliate, by definition, are not subject to LKS placement. However, management and support staff overseeing the business activities of more than one of these operational groups are subject to LKS placement.

As a result of PPL's acquisition of LKE, PPL became a multi-state utility holding company subject to PUHCA 2005. PPL Services and PPLEU Services, Delaware corporations, are centralized services companies registered under PUHCA 2005 and authorized to conduct business as service companies for PPL and its various subsidiaries and affiliates. PPL Services and PPLEU Services are the service companies for affiliated PPL entities, including PPL Electric Utilities Corporation, and provide a variety of administrative, management, environmental, and support services. PPL Services and PPLEU Services provide their services at cost, as permitted under PUHCA 2005.

OTHER BUSINESS OPERATIONS

LKE Foundation, a charitable foundation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, makes charitable contributions to qualified entities.

LKC is a holding company for other LKE non-utility businesses which are generally inactive from an operational standpoint, but have certain remaining support or contingent business obligations.

LKS transacts business for LKE Foundation, LKC and PPL and its affiliates on behalf of LKE.

LKE also receives services from CEP Reserves Inc. that benefit its non-utility activities.

III. TRANSACTIONS WITH AFFILIATES

OVERVIEW

LKE formed LKS, as a service company to provide services for affiliated companies. PPL formed PPL Services and PPLEU Services as service companies to provide services for affiliated companies. LKS, PPL Services, PPLEU Services, and affiliated companies (or their parent entities) may enter into service agreements, which may establish the general terms and conditions for providing those services, including those mentioned in Section IV of the CAM.

At formation, certain LG&E, KU and LKE employees became employees of LKS and such employees continued to provide services to the regulated and non-regulated entities. Similarly, at formation, certain PPL employees became employees of PPL Services and PPLEU Services and such employees continued to provide services to the regulated and non-regulated entities.

Regulated affiliates receive services at cost, pursuant to the service agreements. Non-regulated affiliates generally receive services at cost; however, certain services may permit pricing at fair-market value. The provisions included in contracts or service agreements govern transactions among LKS, PPL Services, PPLEU Services, and their regulated and non-regulated affiliates.

KU and LG&E are required by the KPSC and the VSCC to use the "stand alone" method for allocating their respective tax liabilities (or tax benefits) so that such tax liabilities (or tax benefits) will not exceed the tax liabilities (or tax benefits) each would incur if it filed its tax returns separately from the consolidated returns filed by PPL. KU and LG&E have filed a separate PPL Corporation and Subsidiaries tax allocation agreement with the KPSC and the VSCC. The allocation of the respective tax liabilities (or tax benefits) of KU and LG&E therefore are not within the scope of this CAM.

Definitions of Cost

Tariff Rate – The price charged to customers under applicable tariffs on file with federal or state regulatory commissions.
Fair Market Value – The price held out by a providing entity to the general public in the normal course of business (i.e. the price at which a reasonable buyer and a reasonable seller are willing to transact in the normal course of business).
Cost – The charge used for transactions with affiliates for which no tariff rate or fair market value is applicable. LKS follows the definition of cost defined in PUHCA 2005.

IV. DESCRIPTION OF SERVICES

The following table provides service descriptions along with the frequency of services provided and the primary affiliate receiving the services. See below for definitions of frequency and primary affiliates. The table also contains the cost assignment methods used to allocate indirectly attributable costs for these services, when necessary. Note that a departmental charge ratio may also be used for any service with indirectly attributable costs, but only if the use of the cost assignment method for the service would not result in the fair assignment of costs.

Detailed descriptions of cost assignment methods are provided in Section V. Also see section V for definitions of directly assignable, directly attributable and indirectly attributable. The cost assignment methods in the table below should be used only when costs of a good or service cannot be directly assignable or directly attributable.

Definitions of Frequency

Ongoing – Provided on a prearranged, continuous basis (i.e., daily)
Frequent – Provided as requested on a regular basis (i.e., several times per month)
Infrequent – Provided as requested on an irregular basis (i.e., several times per year)

Definitions of Primary Affiliates

All charges by LKS, PPL Services, and PPLEU Services to affiliated entities follow the principle of fully distributed cost. Primary affiliates receiving the service are designated below as:

R – Regulated (LG&E and KU)
NR – Non-regulated (LKE, LKC, and LKE Foundation)
A – All

Service	Description	Assignment Method	Frequency	Primary Affiliate
Customer and Customer-Related Services				
Customer Service	Providing call center and customer communication services for both electric and gas customers.	Number of Customers Ratio	Ongoing	R
Sales and Marketing	Providing programs for establishing strategies, oversight for marketing, sales and branding of utility and related services, and conducting marketing and sales programs for economic development and demand side management.	Number of Customers Ratio	Frequent	R
Economic Development and Major Accounts	Maintaining community development, partnerships with state, regional, and local economic development allies, and customized products and services.	Number of Customers Ratio	Frequent	R
Meter Reading Services	Providing meter reading and meter data services, including maintaining inventory, quality and environmental issues, policy and standards, technical support, and logistics.	Number of Meters Ratio	Ongoing	R
Cash Remittance	Providing remittance processing, customer payments, and collection services.	Revenue Ratio	Ongoing	R
Billing Integrity	Administering and providing customer billings and credit reviews.	Number of Customers Ratio	Ongoing	R
Energy Efficiency	Providing energy efficiency programs to residential and commercial customers to encourage implementation of energy saving measures.	Number of Customers Ratio	Ongoing	R

Service		Description	Assignment Method	Frequency	Primary Affiliate
	Smart Grid Strategy	Providing leadership and direction for smart meter and smart grid strategy development, investment and decision analysis to support value-added infrastructure deployments.	Number of Customers Ratio	Ongoing	R
	Field Services	Completing customer requested service orders generated through Residential Service Center, Business Service Center, KU Business Offices, Billing Integrity and Meter Assets. Supporting Meter Shop activities and Public Safety Response Team needs.	Total Utility Plant Assets Ratio	Ongoing	R
	CCS Retail Business Readiness	Providing end user support services, development and capture of business metrics and development, and delivery of training for the Company's CCS.	Number of Customers Ratio	Ongoing	R
Power Production and Generation Services					
	Project Engineering	Coordinating and managing all major generation construction.	Generation Ratio	Infrequent	R
	System Laboratory	Providing system laboratory services to the generating stations.	Total Utility Plant Assets Ratio	Ongoing	R
	Generation	Providing centralized, fleet-wide technical expertise for generation asset management, technical guidance for various functional initiatives and coordination of operational research and development.	Total Utility Plant Assets Ratio; Generation Ratio	Ongoing	R

Service		Description	Assignment Method	Frequency	Primary Affiliate
	Generation Services	Providing management services and oversight to Power Generation.	Total Utility Plant Assets Ratio; Generation Ratio	Ongoing	R
	Fuel Procurement	Procuring coal, natural gas, oil and other bulk materials for generation facilities and ensuring compliance with price and quality provisions of fuel contracts.	Contract Ratio	Ongoing	R
Transmission Operations & Services					
	Strategy, Reliability and Tariffs	Providing transmission system reliability planning and identifying current and future upgrades that are needed to maintain reliability. Providing facility ratings, drawings and reliability metrics. Coordinating and managing transmission tariffs and agreements with outside parties for use of the transmission system.	Transmission Ratio,	Ongoing	R
	Operations and Construction	Coordinating and managing all maintenance and capital upgrades to transmission substations. Coordinating and managing all maintenance and capital upgrades to the transmission lines. Providing transmission system control center services. Managing and maintaining the Energy Management System. Coordinating and managing the balance between scheduled transmission usage and actual transmission usage by other companies.	Transmission Ratio; Total Utility Plant Assets Ratio	Ongoing	R
	Reliability and Compliance	Ensuring that the Transmission Department is complying with all applicable regulatory standards.	Transmission Ratio	Ongoing	R

Service	Description	Assignment Method	Frequency	Primary Affiliate
Energy Supply and Analysis Services				
Energy Marketing	Providing market services to take advantage of the highest excess generation prices in the open market.	Generation Ratio	Ongoing	R
Market Forecasting	Providing management services for financial forecasts of the utility market.	Generation Ratio	Frequent	R
Load Forecasting	Providing short- and long-term load forecasting services.	Generation Ratio	Frequent	R
Generation Planning and Analysis	Providing short- and long-term generation planning services	Generation Ratio	Ongoing	R
Distribution Operations Services				
Network Trouble and Dispatch	Providing dispatch services, reporting outage situations and coordinating restoration.	Number of Customers Ratio	Ongoing	R
Electric Engineering	Providing development engineering and construction standards, distribution system planning and analysis, substation construction project management and telecommunications systems design and analyses.	Total Utility Plant Assets Ratio	Ongoing	R

Service		Description	Assignment Method	Frequency	Primary Affiliate
	Distribution Asset Management	Leading management and investment decisions regarding distribution assets, including resource allocation, developing uniform standards and procedures, determining performance targets and managing assets information and data.	Number of Customers Ratio; Total Utility Plant Assets Ratio	Ongoing	R
	Forestry	Providing vegetation and tree management.	Total Utility Plant Assets Ratio	Frequent	R
	Substation Construction and Maintenance	Providing engineering and design services for substation construction, maintenance and operations areas.	Total Utility Plant Assets Ratio	Frequent	R
	Electric Reliability/Analysis	Providing reliability engineering for operation centers, data analytics, support of distribution information technology applications, and mapping services.	Total Utility Plant Assets Ratio	Ongoing	R
Safety and Technical Training					
	Safety and Technical Training	Providing safety governance and technical training to company operations areas.	Number of Employees Ratio; Revenue, Total Assets and Number of Employees Ratio; Generation Ratio; Total Utility Plant Assets Ratio; Transmission Ratio	Frequent	R

Service	Description	Assignment Method	Frequency	Primary Affiliate
Financial Planning and Budgeting Services				
Budgeting	Providing services related to managing, coordinating and reporting for the budgeting and forecasting process.	Revenue, Total Assets and Number of Employees Ratio; Transmission Ratio; Generation Ratio; Number of Customers Ratio	Frequent	A
Financial Planning	Providing financial planning and forecasting, investment analysis and investment planning reporting.	Revenue, Total Assets and Number of Employees Ratio	Frequent	A
Controller Organization Services				
Accounting and Reporting	Providing accounting and reporting in conformity with U.S. Generally Accepted Accounting Principles (GAAP) and the FERC Uniform System of Accounts (USofA), accounting research and interpretation and promulgation of accounting and internal control procedures, performing U.S. GAAP general ledger account and project analyses, reconciliations and consolidation, internal and external financial reports, and business and financial system support and consultation.	Revenue, Total Assets and Number of Employees Ratio	Ongoing	A
Property Accounting	Maintaining, analyzing and reporting related to property records.	Total Utility Plant Assets Ratio	Ongoing	R

Service	Description	Assignment Method	Frequency	Primary Affiliate
Revenue Accounting	Managing and analyzing internal and external revenue reporting.	Revenue Ratio	Ongoing	R
Corporate Tax and Payroll Organization Services				
Payroll	Providing payroll services including the managing of payroll systems.	Number of Employees Ratio	Ongoing	A
Tax Accounting, Compliance and Reporting	Preparing consolidated and subsidiary federal, state and local income tax returns; current and deferred tax accounting; utility gross receipts tax; sales/use tax; property tax; LKE Foundation returns; and supporting roles for project development and tax legislation.	Revenue, Total Assets and Number of Employees Ratio	Ongoing	A
Audit Services				
Audit Services	Providing independent and objective assurance along with consulting services and internal controls system review.	Revenue, Total Assets and Number of Employees Ratio	Ongoing	A
Sarbanes-Oxley Compliance Services				
Sarbanes-Oxley Compliance	Providing coordination, implementation and maintenance of the Company's program for compliance with the Sarbanes-Oxley Act of 2002.	Revenue, Total Assets and Number of Employees Ratio	Ongoing	A
Treasury Services				
Treasury and Corporate Finance	Providing management and monitoring of cash flows including review and acquisition of business entity	Revenue, Total Assets and Number	Ongoing	A

Service		Description	Assignment Method	Frequency	Primary Affiliate
		cash requirements and procurement of short-term financing and credit lines. Providing overall finance options including evaluating new financing vehicles and instruments, analyzing existing financing positions and raising long-term funds for all entities.	of Employees Ratio		
	Risk Management	Managing outside providers of risk services comprised of providing insurance and assisting affiliated entities in managing property and liability risks including claims, security, environmental, safety and consulting services.	Revenue, Total Assets and Number of Employees Ratio	Ongoing	R
	Credit Administration	Providing management of credit risk for wholesale energy sales and major vendors.	Generation Ratio	Ongoing	R
	Energy Marketing Trading Controls	Performing reporting on the trading portfolios. Performing validation of significant transactions, valuation algorithms, ensuring trading system security and testing trading system enhancements.	Generation Ratio	Ongoing	R
Supply Chain and Logistics Services					
	Supply Chain	Maintaining and analyzing the supplier base and performing supplier selection activities including contract negotiations and ongoing compliance. Providing order management, materials handling and logistics and inventory management services. Providing order management and general field support services for system maintenance, developing and monitoring of key performance metrics,	Revenue, Total Assets and Number of Employees Ratio; Number of Employees Ratio	Ongoing	A

Service		Description	Assignment Method	Frequency	Primary Affiliate
		supplying day to day variance and reconciliation reporting services and performing supplier certification services. Identifying qualified minority and women owned businesses that are able to participate in competitive bidding opportunities, perform on-going work and ultimately become key suppliers to LKE and subsidiaries.			
	Accounts Payable	Processing payments for purchase orders, check requests, employees' expense reimbursements, etc., and providing ad-hoc research and analysis.	Revenue, Total Assets and Number of Employees Ratio	Ongoing	A
IT Services					
	IT Security	Providing services associated with non-project management, security and administrative support. This function includes developing and administering security policies and procedures. Providing services associated with compliance activities and security related administration support. This function includes development, implementation and on-going compliance activities for the NERC Critical Infrastructure Protection (CIP) Program.	Network Users Ratio; Number of Employees Ratio	Ongoing	A
	IT Applications Development and Support	Providing services associated with each of theexisting applications that IT provides to the business. These services include costs incurred related to application license fees and application support costs. Providing services associated with existing end user tools and related productivity software; Providing end user support services, and development.	Network Users Ratio; Number of Employees Ratio; Number of Customers Ratio; Ultimate Users Ratio	Ongoing	A

Service		Description	Assignment Method	Frequency	Primary Affiliate
	IT Infrastructure and Operations	Providing services related to the corporate-wide shared computing infrastructure, including servers, storage and data center operations. Providing services related to all corporate-wide network capabilities including wide area transport networks, local area networks, wireless networks, telephone systems, telecommunications for SCADA and two-way radio systems. Providing services related to a number of enterprise applications including e-mail, SharePoint, instant messaging and others. This function includes the operations of the NERC Critical Infrastructure Protection (CIP) Program.	Network Users Ratio; Number of Employees Ratio	Ongoing	A
	IT Governance	Providing services including business relationship management, project management, requirements, and planning.	Network Users Ratio; Number of Employees Ratio	Ongoing	A
	IT Business Services	Providing services including business analysis, testing, service management and process management	Network Users Ratio; Number of Employees Ratio	Ongoing	A
	IT Major Projects	Providing services including software system implementations projects and software system upgrade projects.	Network Users Ratio; Number of Employees Ratio; Ultimate Users Ratio	Ongoing	A

Service	Description	Assignment Method	Frequency	Primary Affiliate
Compliance, Legal, and Environmental Affairs Services				
Legal	Providing various legal services for all affiliated entities including in-house counsel and staff assistance in the areas of, among others, corporate and securities law, employment law, energy, public utility and regulatory law, contract law, litigation, environmental law and intellectual property law, evaluating legal claims and managing legal fees for outside counsel.	Revenue, Total Assets and Number of Employees Ratio	Ongoing	A
Compliance	Providing various compliance services for all affiliated entities including compliance assessment and risk management, code of conduct, anti-fraud, ethics, helpline management and Critical Infrastructure Protection (CIP) Compliance.	Number of Employees Ratio; Total Utility Plant Assets Ratio	Ongoing	A
Environmental Affairs	Providing management services related to performing analyses, monitoring and advocacy of regulatory and legislative environmental matters including securing of permits and approvals, providing environmental technical expertise, environmental compliance and representing the Company in industry groups and before regulatory agencies dealing with environmental issues.	Generation Ratio	Frequent	R
Regulatory Affairs and Government Affairs Management Services				
Regulatory Affairs	Providing management services for compliance with all laws, regulations and other policy requirements, including regulatory filings, expert testimony, tariff administration and compliance, pricing support, and	Revenue Ratio	Ongoing	R

Service		Description	Assignment Method	Frequency	Primary Affiliate
		development and monitoring of positions regarding ongoing regulatory matters.			
	Government Affairs Management	Maintaining relationships with government policy makers and conducting lobbying activities.	Revenue Ratio	Frequent	A
Corporate Communications and Public Affairs Management Services					
	Internal Communications	Providing employee and customer-directed communications including company intranet/internet, employee newsletters, announcements, speeches, graphic design, presentations and customer newsletters and bill inserts.	Number of Employees Ratio	Frequent	A
	External and Brand Communications	Providing all administrative and management support for external communication services, brand image management and corporate events.	Number of Customers Ratio	Frequent	A
	Public Affairs Management	Providing community relations functions, communicating public information to local organizations and providing oversight for communications to employees.	Number of Customers Ratio	Frequent	A
Operating Services					
	Facilities and Buildings	Providing building and grounds maintenance including coordination of office furniture and equipment	Facilities Ratio; Transmission Ratio; Generation Ratio	Ongoing	A

Service		Description	Assignment Method	Frequency	Primary Affiliate
		purchases/leases, space utilization and layout, and building code and fire protection services.			
	Security	Providing security personnel, security and monitoring devices for all affiliated entities.	Number of Employees Ratio	Ongoing	A
	Production Mail	Providing production mail services for customer bills and other large customer mailings.	Number of Customers Ratio	Ongoing	R
	Document	Providing document printing, reproduction services including mail delivery, scanning, off-site storage and document service desk support.	Number of Employees Ratio	Ongoing	A
	Process Management and Performance	Provide business process improvements, operational performance measures, benchmarking studies, and rate case analysis for all of Customer Service.	Number of Customers Ratio	Ongoing	R
	Right-of-Way	Obtaining and retaining easements or fee simple property for placement and operation of company and affiliate equipment as well as managing real estate assets and maintaining real estate records.	Number of Customers Ratio	Ongoing	R
Transportation Services					
	Transportation	Providing and operating transportation fleet for all affiliated companies including developing fleet policy, administering regulatory compliance programs, managing repair and maintenance of vehicles and procuring vehicles	Total Utility Plant Assets Ratio; Vehicle Cost Allocation Ratio	Ongoing	A

Service		Description	Assignment Method	Frequency	Primary Affiliate
HR Services					
	HR Compensation	Providing services relating to the establishment and oversight of compensation policies for employees.	Number of Employees Ratio	Frequent	A
	HR Benefits	Providing services relating to the establishment and oversight of benefits plans for employees, retirees and survivors. This also includes vendor management, compliance with various laws and regulations, administrative vendor billings and maintenance of all personnel records.	Number of Employees Ratio	Frequent	A
	Other HR Services	Providing initiatives and programs designed to support the company's diversity strategy, with an emphasis on creating, designing and implementing the strategies and programs to achieve the company's diversity vision. This includes fostering and managing the internal and external relationships necessary to driving initiatives within the company and wider community customer base. Providing initiatives and programs designed to support personal and professional growth, with an emphasis on employee and leadership training, individual and career development, performance management, coaching, mentoring, succession planning and employee engagement. Providing communication and oversight for union matters, negotiation of union contracts and union dispute resolution services.	Number of Employees Ratio	Frequent	A

Service	Description	Assignment Method	Frequency	Primary Affiliate
Health and Safety	Providing services relating to the establishment and oversight of health and safety policies for employees.	Number of Employees Ratio	Frequent	A
Executive Management Services				
Executive Management	Providing executive leadership to the corporation, the cost of which is comprised of the compensation and benefits of the corporate officers and executive assistants.	Generation Ratio; Number of Customers Ratio; Network Users Ratio; Number of Employees Ratio; Revenue Ratio; Revenue, Total Assets and Number of Employees Ratio; Total Utility Plant Assets Ratio; Transmission Ratio	Ongoing	A

V. COST ASSIGNMENT METHODS

OVERVIEW

The costs of services provided by LKS, PPL Services, and PPLEU Services will be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis. The primary basis for charges to affiliates is the direct charge method (see section VI for time reporting procedures). The methodologies listed below pertain to all other costs which are not directly assigned but which make up the fully distributed cost of providing the service.

> ***Directly Assignable*** – Expenses incurred for activities and services exclusively for the benefit of one affiliate. In many respects, these types of expenses relate to non-LKS employees that perform dedicated services to one affiliate, although LKS, PPL Services and PPLEU Services employees also directly report where feasible.
>
> ***Directly Attributable*** – Expenses incurred for activities and services that benefit more than one affiliate and which can be apportioned using direct measures of costs causation.
>
> ***Indirectly Attributable*** – Expenses incurred for activities and services that benefit more than one affiliate and which can be apportioned using general measures of cost causation.
>
> ***Unattributable*** – Expenses or portions thereof incurred for activities and services that have been determined as not appropriate for apportionment. The unattributable portions of these costs relate primarily to activities such as corporate diversification, political or philanthropic endeavors and, as such, may be charged, in whole or in part, to LKC.

ASSIGNMENT METHODS

LKS, PPL Services, and PPLEU Services will allocate the costs of service among the affiliated companies using one of several methods that most accurately distributes the costs. The method of cost allocation varies based on the department rendering the service. Any of the methods may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes in the business, but are generally determined annually. Any changes in the ratios, unless otherwise indicated, will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year. The assignment methods used by LKS, PPL Services, and PPLEU Services are as follows:

Contract Ratio – Based on the sum of the physical amount (i.e. tons of coal, mmbtu of natural gas) of the contract for coal and natural gas fuel burned for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company and the denominator of which is for all operating companies. This ratio is calculated on an annual basis.

Departmental Charge Ratio – A specific department ratio based upon various factors. The departmental charge ratio typically applies to indirectly attributable costs such as departmental administrative, support, and/or material and supply costs that benefit more than one affiliate and that require allocation using general measures of cost causation. Methods for assignment are department-specific depending on the type of service being performed and are documented and monitored by the Budget Analysts for each department. The numerator and denominator vary by department. The ratio is based upon various factors such as labor hours, labor dollars, departmental or entity headcount, capital expenditures, operations and maintenance costs, retail energy sales, charitable contributions, generating plant sites, average allocation of direct reports, net book value of utility plant, total line of business assets, electric capital expenditures, substation assets and transformer assets. The Departmental Charge Ratio will only be used with prior approval by the Controller when other applicable ratios would not result in the fair assignment of costs. These ratios are calculated on an annual basis.

Facilities Ratio – Based on a two-tiered approach with one tier based on the number of employees by department or line of business and the other tier based on the applicable department or line of business ratio. The numerator for the number of employees is the number of employees by department or line of business at the facility and the denominator is the total employees at the facility. The numerator and denominator for the applicable department or line of business for the service provided as described in this document.

Generation Ratio – Based on the annual forecast of megawatt hours, the numerator of which is for an operating company and the denominator of which is for all operating companies. This ratio is calculated on an annual basis.

Network Users Ratio – Based on the number of IT network users at the end of the previous calendar year. A two-step assignment methodology is utilized to properly allocate costs to the proper legal entity. The numerator for the first step of this ratio is the total number of network users for each specific company, and the denominator is the total number of network users for all companies in which an allocator is assigned (i.e. LG&E, KU, LKS and PPL). For the second step, the ratio of LKS network users, to total network users will then be allocated to the other companies (LG&E, KU, and LKC) based on each company's ratio of LKS labor hours to total LKS labor hours. This ratio is calculated on an annual basis.

Number of Customers Ratio – Based on the number of retail electric and/or gas customers. This ratio will be determined based on the actual number of customers at the end of the previous calendar year. In some cases, the ratio may be calculated based on the type of customer class being served (i.e. Residential, Commercial or Industrial). The numerator is the total number of each Company's retail customers. The denominator is the total number of retail customers for both LG&E and KU. This ratio is calculated on an annual basis.

Number of Employees Ratio – Based on the number of employees benefiting from the performance of a service. This ratio will be determined based on actual counts of applicable employees at the end of the previous calendar year. A two-step assignment methodology is utilized to properly allocate LKS employee costs to the proper legal entity. The numerator for the first step of this ratio is the total number of employees for each specific company, and the denominator is the total number of employees for all companies in which an allocator is assigned (i.e. LG&E, KU and LKS). For the second step, the ratio of LKS to total employees will then be allocated to the other companies (LG&E, KU and LKC) based on each company's ratio of labor hours to total labor hours. LKC has no employees, but non-utility related labor is charged to it. In some cases, the ratio may be calculated based on the number of employees at a specific location for the first step with the ratio of LKS to total employees being allocated based on labor hours of the employees at the specific location. This ratio is calculated on an annual basis.

Number of Meters Ratio – Based on the number or types of meters being utilized by customer classes within the system for the immediately preceding twelve consecutive calendar months. The numerator is equal to the number of meters for each utility and the denominator is equal to the total meters for KU and LG&E. This ratio is calculated on an annual basis.

Ownership Percentages – Based on the contractual ownership percentages of jointly-owned generating units, information technology, facilities and other capital projects. This ratio is updated as a result of a new jointly-owned capital projects and is based on the benefit to the respective company. The numerator is the specific company's forecasted usage. The denominator is the total forecasted usage of all respective companies.

Revenue Ratio – Based on the sum of the revenue for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company and the denominator of which is for all operating companies. This ratio is calculated on an annual basis.

Revenue, Total Assets and Number of Employees Ratio – Based on an average of the revenue, total assets and number of employees ratios. The numerator is the sum of Revenue Ratio, Total Assets Ratio and Number of Employees Ratio for the specific company. The denominator is three – the number of ratios being averaged. This ratio is calculated on an annual basis.

Total Assets Ratio – Based on the total assets at year-end for the preceding year. In the event of joint ownership of a specific asset, asset ownership percentages are utilized to assign costs. The numerator is the total assets for each specific company at the end of the preceding year. The denominator is the sum of total assets for each company in which an allocator is assigned (LG&E, KU and LKC). This ratio is calculated on an annual basis.

Total Utility Plant Assets Ratio – Based on the total utility plant assets at year-end for the preceding year, the numerator of which is for an operating company and the denominator of which is for all operating companies. In the event of joint ownership of a specific asset, ownership percentages are utilized to assign costs. This ratio is calculated on an annual basis.

Transmission Ratio –The Transmission Coordination Agreement (TCA) provides "the contractual basis for the coordinated planning, operation, and maintenance of the combined" LG&E and KU transmission system. Pursuant to the terms of the TCA, LG&E/KU "operate their transmission systems as a single control area." The TCA establishes cost and revenue allocations between LG&E and KU. The Transmission Ratio is based upon Schedule A

(Allocation of Operating Expenses of the Transmission System Operator) of the TCA. Transmission System Operator Company allocation percentages are calculated during June of each year to be effective July 1st of each year using the previous year's summation of the Transmission Peak Demands as found in FERC Form 1 for Kentucky Utilities Company (KU) and Louisville Gas & Electric Company (LG&E) page 400 line 17(b).

Ultimate Users Ratio – Based on the number of ultimate users of an IT product or service (i.e., software, hardware, mobile devices, etc.) at the end of the previous calendar year. A two-step assignment methodology is utilized to properly allocate costs to the proper legal entity. The numerator for the first step of this ratio is the total number of ultimate users for each specific company, and the denominator is the total number of ultimate users for all companies in which an allocator is assigned (i.e. LG&E, KU, LKS and PPL). For the second step, the ratio of LKS ultimate users, to total ultimate users will then be allocated to the other companies (LG&E, KU, and LKC) based on each company's ratio of LKS labor hours to total LKS labor hours. This ratio is calculated on an annual basis.

Vehicle Cost Allocation Ratio – Based on the costs associated with providing and operating transportation fleet for all affiliated companies including developing fleet policy, administering regulatory compliance programs, managing repair and maintenance of vehicles and procuring vehicles. Such rates are applied based on the specific equipment employment and the measured usage of services by the various company entities. This ratio is calculated monthly based on the actual transportation charges from the previous month. The numerator is the department labor charged to a specific company. The denominator is the total labor costs for the specific department. The ratio is then multiplied by the total transportation costs to determine the amount charged to each company.

VI. TIME DISTRIBUTION, BILLING AND ASSET TRANSFER POLICIES

OVERVIEW

LKS utilizes Oracle or other financial systems in which project/task combinations are set up to equate to services. In some cases, departments have set up many projects/tasks that map to services. In many cases, there is a one to one relationship between the project/task and the service. The Oracle system also automatically captures the home company (providing the service) and the charge company (receiving the service). Regardless of the method of reporting, charges related to specific services reside on the company receiving the service and therefore can be identified for billing purposes as well as for preparation of LKS financial statements. This ensures that:

1. Separation of costs among LG&E, KU, LKE's non-regulated subsidiaries and other PPL affiliates will be maintained
2. Intercompany transactions and related billings are structured so that non-regulated activities are not subsidized by regulated affiliates and regulated affiliates do not subsidize other regulated affiliates
3. Adequate audit trails exist on the books and records

BILLING POLICIES

Billings for transactions among LKS, PPL Services, PPLEU Services, and other affiliates are issued on a timely basis with documentation sufficient to provide the receiving party with enough detail to understand the nature of the billing, the relevant components, and other information as required by affiliates. Financial settlements for transactions are made within 30 days. Interest charges, which are based on market rates for similar maturities of similarly rated entities as of the date of the loan, may apply. LKS is authorized to act as payment and billing agent on behalf of LKE, LG&E, KU and LKC.

ASSET TRANSFERS

Unless otherwise permitted by regulatory authority or exception, (i) transfers or sales of assets from regulated affiliates to non-regulated affiliates will be priced at the greater of cost or fair market value; (ii) transfers or sales of assets from non-regulated affiliates to regulated affiliates will be priced at the lower of cost or fair market value and (iii) transfers of assets between regulated affiliates shall be priced at no more than cost less depreciation. Settlement of liabilities will be treated in the same manner.

TIME DISTRIBUTION

LKS has three methods of distribution to record employee salaries and wages while providing services for the affiliated entities: Positive time reporting, allocation time reporting and exception time reporting. Each department's job activities will dictate the time reporting method used.

Positive Time Reporting

Positive time reporting or direct time reporting requires all employees in a department to track all chargeable hours every day. Time may be charged to the nearest quarter hour.

Departments that have positive time reporting have labor-based activities that are easily trackable given the project/task code combinations noted above. All employees are given appropriate project numbers that are associated with the service that is being provided. The proper coding for direct assignment of costs is on various source documents, including the timekeeping system and disbursement requests. Each department or project manager is responsible for ensuring employees charge the appropriate charge codes for the services performed. This form of time reporting is documented in the timekeeping system, which upon completion, is approved by the employees' immediate supervisor.

Allocation Time Reporting

Allocation time reporting allows for certain departments to set up a predefined allocation percentage to affiliated company project/tasks. This is typically the case when the department is transaction-based, therefore, performing routine, similar tasks benefiting multiple affiliates. Each department will use its ratio (see ratio assignment listing in section V) that was assigned by its Budget Analyst to allocate the appropriate time to individual charge numbers that are associated to that department's services. Unless otherwise permitted by regulatory authority or exception, the selection of ratios and the calculation of allocation percentages should be derived from or bear relationship to an empirical analysis of a prior representative period. These allocation percentages are reviewed on an annual basis to update to actual allocation percentages when needed.

Exception Time Reporting

If an employee was working on a completely new project that had not been defined within the monthly or annual allocation process, then the employee would be given the new allocation with project/task code, update his/her time allocation accordingly and get his/her manager's approval. If an allocation from a previous pay period needs to be adjusted then that correction must be entered into the timekeeping system.

Rick E. Lovekamp
Manager Regulatory Strategy/Policy
State Regulation and Rates
O 502-627-3780
rick.lovekamp@lge-ku.com

a PPL company

Kimberly B. Pate
Virginia State Corporation Commission
Director - Division of Utility Accounting and Finance
Tyler Building – Fourth Floor
1300 East Main Street
Richmond, VA 23219

April 29, 2022

RE: Kentucky Utilities Company d/b/a Old Dominion Power Company for Authority to Engage in Affiliate Transactions Pursuant to Va. Code § 56-76 et seq. (Case Nos. PUR-2018-00049, PUR-2019-00057, and PUR-2020-00256)

Dear Ms. Pate:

Pursuant to the aforementioned Commission's Orders, Kentucky Utilities Company ("KU"), d/b/a Old Dominion Power Company, ("KU/ODP"), hereby files the following information in the Appendices of these said Orders:

1. KU's, Annual Report of Affiliate Transactions for the calendar year January 1, 2021 through December 31, 2021
2. Federal Energy Regulatory Commission Form 60 Report for 2021
3. PPL Corp. Entities Participating in Tax Allocation Agreement in 2020
4. Legal Verification Page regarding KU/ODP's Allocated and Separate Return Tax Liabilities
5. LG&E and KU Services Billings to KU/ODP by FERC account by month in Excel format
6. Costs by Service Affiliate, Service Category, and FERC Account per month in Excel format

As requested, this information is being submitted via e-mail. If you have any questions, please contact me or contact Don Harris at (502) 627-2021.

Sincerely,

Rick E. Lovekamp

Rick E. Lovekamp

cc: Robert F. Sartelle, Manager, Division of Utility Accounting and Finance

2021 VA ARAT
KU Provider of Service (Receivables)
VSCC-1 By Month and CAM Category

CAM Category	Jan-2021	Feb-2021	Mar-2021	Apr-2021	May-2021	Jun-2021	Jul-2021	Aug-2021	Sep-2021	Oct-2021	Nov-2021	Dec-2021	Total
Compliance, Legal, and Environmental Affairs Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (64.13)	$ -	$ -	$ -	$ -	$ (64.13)
Corporate Tax and Payroll Organization Services	3,755.80	3,112.09	3,304.21	2,044.03	2,981.02	85.72	3,096.56	3,835.62	2,542.80	2,336.68	3,427.14	13,380.38	43,902.05
Customer and Customer-Related Services	3,446.39	4,467.48	992.87	3,779.88	2,256.30	7,879.00	6,609.20	20,793.53	25,647.90	20,548.76	3,244.83	4,482.69	104,148.83
Distribution Operations Services	170,187.33	50,560.45	19,008.49	7,044.56	41,761.56	18,967.49	22,242.66	13,847.90	10,906.44	17,431.41	7,147.35	25,876.82	404,982.46
Energy Supply and Analysis Services	-	-	1,761.97	-	-	11,743.36	18,647.73	33,373.28	31,716.54	-	4,375.67	-	101,618.55
HR Services	8,668.69	7,583.92	7,256.01	4,704.17	6,171.13	134,588.92	2,721.58	3,820.80	140,324.02	4,357.10	2,064.59	18,202.11	340,463.04
IT Services	186,260.55	168,924.09	147,738.20	164,319.53	132,263.16	187,339.67	167,701.71	165,763.00	129,838.31	112,726.49	110,041.08	160,685.68	1,833,601.47
Operating Services	25,416.96	29,768.71	27,815.65	51,157.41	27,450.95	36,330.37	16,603.73	15,132.17	17,159.23	25,926.30	22,473.60	16,719.26	311,954.34
Power Production and Generation Services	564,189.11	748,299.23	335,943.63	680,501.65	531,536.15	401,799.82	358,852.71	280,720.12	1,663,906.11	163,290.09	378,035.98	447,685.40	6,554,760.00
Regulatory Affairs and Government Affairs Management Services	-	-	-	-	-	-	-	68.06	-	-	-	-	68.06
Safety and Technical Training	-	(273.30)	-	(402.95)	-	(678.56)	(20.63)	-	-	-	-	121.43	(1,254.01)
Supply Chain and Logistics Services	-	85.06	92.56	-	-	(28.60)	(5.72)	-	-	-	29,324.83	-	29,468.13
Transmission Operations & Services	97,874.55	179,865.97	411,951.88	1,220,740.03	199,683.30	138,546.59	36,031.41	(16,298.54)	33,841.73	398,973.46	189,639.01	42,644.35	2,933,493.74
Transportation Services	-	-	-	-	-	624.02	1,846.31	18.50	-	-	-	702.53	3,191.36
Treasury Services	398.38	406.69	333.46	250.41	284.68	138.36	368.46	377.33	393.78	365.22	273.00	(2,142.89)	1,446.88
Total	**$ 1,060,197.76**	**$ 1,192,800.39**	**$ 956,198.93**	**$ 2,134,138.72**	**$ 944,388.25**	**$ 937,336.16**	**$ 634,695.71**	**$ 521,387.64**	**$ 2,056,276.86**	**$ 745,955.51**	**$ 750,047.08**	**$ 728,357.76**	**$ 12,661,780.77**

The current LG&E and KU Services Cost Allocation Manual (CAM), effective January 1, 2020, provides a description of services, the nature and frequency of services provided, and the cost apportionment methodologies.
The CAM was most recently filed with the Commission on March 24, 2021 (Case No. PUR-2020-00200).

Exhibit No. VSCC-1A	$ 11,347,989.35
Exhibit No. VSCC-1B	1,162,696.31
Exhibit No. VSCC-1C	59,528.30
Exhibit No. VSCC-1D	91,566.81
Total	**$ 12,661,780.77**

Convenience Payments:

Cash Received by LG&E on Behalf of KU	$ 49,184,154.91
Power Sales/Purchases	34,311,814.35
Capital Expenditures	8,659,333.58
IMEA/IMPA Incremental Capital by Affiliates	8,414,493.07
Materials/Fuels	11,776,913.21
Outside Services	1,181,372.55
Cash Received by LKS on Behalf of KU	4,675,817.71
Receipt of Medical Claims from Stop-Loss Insurance	320,398.39
Other	382,630.43
Total	**$ 118,906,928.20**

Other Excluded Non-Service Transactions:

Lending to the LG&E Money Pool	$ 5,341,000.00
Other Net Accruals and Misc	3,375,587.29
Total	**$ 8,716,587.29**
Grand Total	**$ 140,285,296.26**

KENTUCKY UTILITIES COMPANY
ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LOUISVILLE GAS AND ELECTRIC COMPANY
January 1, 2021 - December 31, 2021

No. 10

Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions undertaken with Louisville Gas and Electric Company and LG&E and KU Services Company with the Director of the Division of Utility Accounting and Finance (formerly "Public Utility Accounting") of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999. Such report should include the following information:

1) identification of the affiliates involved in each transaction;
2) description of each affiliate arrangement/agreement and case number in which the transactions were approved;
3) dates of each affiliate arrangement/agreement;
4) description of transactions by component cost by month and in total;
5) description of services provided;
6) profit component of each arrangement/agreement where services are provided to an affiliate and how such component is determined;
7) comparable market values and documentation related to each arrangement/agreement;
8) percent/dollar amount of each affiliate arrangement/agreement charged to expense and/or capital accounts;
9) allocation bases/factors for allocated costs; please see also the Company's Cost Allocation Manual for a description of allocation methods used;
10) list and description of each utility asset transfer over $250,000;
11) list by functional group of utility assets transfers valued less than $250,000;
12) dollar amount either paid to, or received by, KU/ODP for each transaction per month.

RESPONSES:

1) Louisville Gas and Electric Company

2) Amended and Restated Utility Services Agreement, Case Number: PUR-2020-00256

3) December 15, 2020

4) Component costs are:

Period	Capital Expenditures	Direct-Indirect Labor	Equipment/ Facilities	Benefits/ Overheads[1]	Materials/ Fuels	Office and Administrative Services	Outside Services	Transmission	Total
Jan-2021	$ 512,423.17	$ 51,319.86	$ 21,915.71	$ 37,382.70	$ 127,586.82	$ 1,733.57	$ 2,160.87	$ 49,309.49	$ 803,832.19
Feb-2021	326,539.49	62,488.47	27,872.84	31,180.98	98,567.10	1,551.31	6,864.14	504,809.46	1,059,873.79
Mar-2021	617,633.81	54,901.35	22,299.56	33,027.88	97,993.52	13,817.98	26,552.71	1,761.97	867,988.78
Apr-2021	1,741,663.79	47,079.27	20,938.03	32,524.99	96,994.42	889.45	2,993.06	82,222.57	2,025,305.58
May-2021	557,905.93	48,077.00	22,233.84	42,447.12	103,561.66	1,783.05	2,999.98	76,996.70	856,005.28
Jun-2021	447,311.04	58,971.77	25,026.59	152,402.39	106,678.52	1,296.82	14,287.17	11,743.36	817,717.66
Jul-2021	294,334.89	63,330.91	28,300.26	29,056.71	97,599.59	2,055.40	1,727.25	18,647.73	535,052.74
Aug-2021	141,968.31	59,639.02	23,364.22	30,105.29	121,953.12	1,672.42	2,054.61	33,373.28	414,130.27
Sep-2021	426,412.50	58,346.29	22,534.35	162,471.15	1,261,135.16	1,499.54	2,167.75	31,716.54	1,966,283.28
Oct-2021	441,994.30	62,843.12	21,188.37	29,474.27	102,960.78	1,775.96	9,529.62	-	669,766.42
Nov-2021	314,407.36	47,066.49	22,323.58	26,595.99	97,695.40	5,483.13	87,329.29	84,476.28	685,377.52
Dec-2021	345,407.56	55,839.09	23,215.36	81,367.44	98,051.13	1,861.26	3,394.45	37,519.55	646,655.84
Total	**$ 6,168,002.15**	**$ 669,902.64**	**$ 281,212.71**	**$ 688,036.91**	**$ 2,410,777.22**	**$ 35,419.89**	**$ 162,060.90**	**$ 932,576.93**	**$ 11,347,989.35**

5) Services provided are:

Compliance, Legal, and Environmental Affairs Services	$ (64.13)
Corporate Tax and Payroll Organization Services	43,902.05
Customer and Customer-Related Services	64,724.63
Distribution Operations Services	225,572.44
Energy Supply and Analysis Services	101,618.55
HR Services	340,463.04
IT Services	802,335.00
Operating Services	248,803.33
Power Production and Generation Services	6,554,760.00
Regulatory Affairs and Government Affairs Management Services	68.06
Safety and Technical Training	(1,254.01)
Supply Chain and Logistics Services	29,468.13
Transmission Operations & Services	2,932,954.02
Transportation Services	3,191.36
Treasury Services	1,446.88
Total[2]	**$ 11,347,989.35**

6) LG&E's and KU's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E are priced at cost, which approximates market value.

8) The percentage of costs charged to capital or expense are as follows:

Capital	$ 6,168,002.15	54.35%
Expense	5,179,987.20	45.65%
	$ 11,347,989.35	100.00%

9) Allocation percentages for overhead calculations on labor as applicable in 2021 are as follows:

Part-Time Labor	68.06%
Temporary Labor and Overtime	18.95%
Full-Time Labor	68.06%

Allocation percentages for overhead calculations on material issued from inventory in 2021 are as follows:

Stores, Freight & Handling - T & D	5.18%
Stores, Freight & Handling - Production	3.17%

Allocation percentages on labor and non-labor for capital projects in 2021 are as follows:

Administrative and General	1.37%
Construction Overheads - Production	0.82%
Construction Overheads - Transmission	5.10%
Construction Overheads - Distribution	9.58%

Allocation percentages for overhead calculations on all labor from departments to which a vehicle is assigned for 2021 are as follows:

Vehicle Cost Allocation	15.31%

10) There were no asset transfers from KU to LG&E over $250,000.

11) Transfer of assets from KU to LG&E less than $250,000 are as follows:
Transfer of distribution transformers $ 12,035.82

12) Receivables are netted against payables to the same affiliate (see response to question 4 in Exhibit No. 2A) and net settlements occur in the following month.

[1] A portion of labor overhead amounts are not included. Due to system configuration and functionality given the volume of transactions, labor overheads are not separately identifiable as services provided by or for the affiliate, but are included as a reduction to the amounts included in Benefits/Overheads in component costs on Exhibit No. VSCC-2A.

[2] A portion of labor overhead amounts are not included. Due to system configuration and functionality given the volume of transactions, labor overheads are not separately identifiable as services provided by or for the affiliate, but are included as a reduction to the amounts included in services provided on Exhibit No. VSCC-2A.

KENTUCKY UTILITIES COMPANY
ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY
January 1, 2021 - December 31, 2021

No. 10

Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions undertaken with Louisville Gas and Electric Company and LG&E and KU Services Company with the Director of the Division of Utility Accounting and Finance (formerly "Public Utility Accounting") of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999. Such report should include the following information:

1) identification of the affiliates involved in each transaction;
2) description of each affiliate arrangement/agreement and case number in which the transactions were approved;
3) dates of each affiliate arrangement/agreement;
4) description of transactions by component cost by month and in total;
5) description of services provided;
6) profit component of each arrangement/agreement where services are provided to an affiliate and how such component is determined;
7) comparable market values and documentation related to each arrangement/agreement;
8) percent/dollar amount of each affiliate arrangement/agreement charged to expense and/or capital accounts;
9) allocation bases/factors for allocated costs; please see also the Company's Cost Allocation Manual for a description of allocation methods used;
10) list and description of each utility asset transfer over $250,000;
11) list by functional group of utility assets transfers valued less than $250,000;
12) dollar amount either paid to, or received by, KU/ODP for each transaction per month.

RESPONSES:

1) LG&E and KU Services Company

2) Amended and Restated Utility Services Agreement, Case Number: PUR-2020-00256

3) December 15, 2020

4) Component costs are:

Period	Direct-Indirect Labor	Equipment/ Facilities	Benefits/ Overheads[1]	Materials/ Fuels	Office and Administrative Services	Outside Services	Grand Total
Jan-2021	$ 102,765.61	$ 294.75	$ 7.31	$ 58,230.95	$ 3,307.59	$ 1,397.59	$ 166,003.80
Feb-2021	95,515.56	743.81	-	125.00	2,935.56	7,274.45	106,594.38
Mar-2021	72,162.10	212.50	-	-	2,482.76	789.20	75,646.56
Apr-2021	91,773.28	573.51	-	250.00	2,725.39	947.37	96,269.55
May-2021	72,505.84	487.54	-	1,067.13	2,587.78	2,460.74	79,109.03
Jun-2021	110,050.80	348.00	-	250.00	5,605.84	3,363.86	119,618.50
Jul-2021	94,849.48	0.03	-	201.35	4,592.11	-	99,642.97
Aug-2021	98,414.26	173.00	(0.00)	250.00	4,083.53	4,336.58	107,257.37
Sep-2021	86,761.43	519.50	(0.00)	-	2,712.65	-	89,993.58
Oct-2021	72,294.35	369.50	(0.00)	-	3,352.24	173.00	76,189.09
Nov-2021	59,634.50	-	0.00	526.20	4,258.86	250.00	64,669.56
Dec-2021	77,679.41	100.00	(0.00)	237.38	3,685.13	-	81,701.92
Total	**$ 1,034,406.62**	**$ 3,822.14**	**$ 7.31**	**$ 61,138.01**	**$ 42,329.44**	**$ 20,992.79**	**$ 1,162,696.31**

5) Services provided are:

Customer and Customer-Related Services	$ 39,424.20
Distribution Operations Services	87,843.21
IT Services	1,030,904.94
Operating Services	3,984.24
Transmission Operations & Services	539.72
Total[2]	**$ 1,162,696.31**

6) LG&E and KU Services Company's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company are priced at cost, which approximates market value.

8) The percentage of costs charged to capital or expense are as follows:

Capital	$ -	0.00%
Expense	$ 1,162,696.31	100.00%
	$ 1,162,696.31	100.00%

9) Allocation percentages for overhead calculations on labor as applicable in 2021 are as follows:

Part-Time Labor	68.06%
Temporary Labor and Overtime	18.95%
Full-Time Labor	68.06%

Allocation percentages for overhead calculations on material issued from inventory in 2021 are as follows:

Stores, Freight & Handling - T & D	5.18%
Stores, Freight & Handling - Production	3.17%

Allocation percentages on labor and non-labor for capital projects in 2021 are as follows:

Administrative and General	1.37%
Construction Overheads - Production	0.82%
Construction Overheads - Transmission	5.10%
Construction Overheads - Distribution	9.58%

Allocation percentages for overhead calculations on all labor from departments to which a vehicle is assigned for 2021 are as follows:

Vehicle Cost Allocation	15.31%

10) There were no utility asset transfers over $250,000.

11) There were no utility asset transfers under $250,000.

12) Receivables are netted against payables to the same affiliate (see response to question 4 in Exhibit No. 2B) and net settlements occur in the following month. All PPL charges except for mutual assistance and goods not readily available from the market are settled through LKS. The details for the PPL charges settled through LKS can be found in Exhibit Nos. 1C and 2C.

[1] Most labor overhead amounts are not included. Due to system configuration and functionality given the volume of transactions, labor overheads are not separately identifiable as services provided by or for the affiliate, but are included as a reduction to the amounts included in Benefits/Overheads in component costs on Exhibit No. VSCC-2B.

[2] Most labor overhead amounts are not included. Due to system configuration and functionality given the volume of transactions, labor overheads are not separately identifiable as services provided by or for the affiliate, but are included as a reduction to the amounts included in services provided on Exhibit No. VSCC-2B.

KENTUCKY UTILITIES COMPANY
ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY (PPL EU SERVICES CORPORATION)
January 1, 2021 - December 31, 2021

No. 11

Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of the Division of Utility Accounting and Finance (formerly "Public Utility Accounting") of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999. Such report should include the following information:

1) identification of the non-regulated affiliates involved in each transaction;
2) description of each affiliate arrangement/agreement and case number in which the transactions were approved;
3) dates of each affiliate arrangement/agreement;
4) description of transactions by component cost by month and in total;
5) description of services provided;
6) profit component of each arrangement/agreement where services are provided to an affiliate and how such component is determined;
7) comparable market values and supporting documentation for each type of service provided;
8) dollar amount either paid to, or received by, KU/ODP for each transaction per month.

RESPONSES:

1) LG&E and KU Services Company (on behalf of PPL EU Services Corporation)

2) Data Hosting Agreement, Case Number: PUR-2018-00049

3) June 29, 2018

4) Component costs are:

Period	Equipment/ Facilities	Total
Jan-2021	$ 12,563.59	$ 12,563.59
Feb-2021	12,563.59	12,563.59
Mar-2021	12,563.59	12,563.59
Apr-2021	12,563.59	12,563.59
May-2021	9,273.94	9,273.94
Total	**$ 59,528.30**	**$ 59,528.30**

5) Services provided are:

IT Services	$ 361.53
Operating Services	59,166.77
Total	**$ 59,528.30**

6) KU's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company (on behalf of PPL EU Services Corporation) are priced at cost, which approximates market value.

8) Settlements of current month receivables are due in the following month and are processed through LKS.

KENTUCKY UTILITIES COMPANY
ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY (PPL ELECTRIC UTILITIES CORPORATION)
January 1, 2021 - December 31, 2021

No. 11

Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of the Division of Utility Accounting and Finance (formerly "Public Utility Accounting") of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999. Such report should include the following information:

1) identification of the non-regulated affiliates involved in each transaction;
2) description of each affiliate arrangement/agreement and case number in which the transactions were approved;
3) dates of each affiliate arrangement/agreement;
4) description of transactions by component cost by month and in total;
5) description of services provided;
6) profit component of each arrangement/agreement where services are provided to an affiliate and how such component is determined;
7) comparable market values and supporting documentation for each type of service provided;
8) dollar amount either paid to, or received by, KU/ODP for each transaction per month.

RESPONSES:

1) LG&E and KU Services Company (on behalf of PPL Electric Utilities Corporation)

2) Mutual Assistance Agreement, Case No. PUR-2018-00049

3) June 29, 2018

4) Component costs are:

Period	Direct-Indirect Labor	Equipment/ Facilities	Benefits/ Overheads	Materials/ Fuels	Office and Administrative Services	Total
Jan-2021	$ 2,435.22	$ 53,281.17	$ 1,499.52	$ 14,897.89	$ 5,684.38	$ 77,798.18
Feb-2021	11,207.30	146.60	2,414.73	-	-	13,768.63
Total	**$ 13,642.52**	**$ 53,427.77**	**$ 3,914.25**	**$ 14,897.89**	**$ 5,684.38**	**$ 91,566.81**

5) Services provided are:

Distribution Operations Services	$ 91,566.81
Total	**$ 91,566.81**

6) KU's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company (on behalf of PPL Electric Utilities Corporation) are priced at cost, which approximates market value.

8) Settlements of current month receivables are due in the following month and are processed through LKS.

2021 VA ARAT
KU Recipient of Service (Payables)
VSCC-2 By Month and CAM Category

CAM Category	Jan-2021	Feb-2021	Mar-2021	Apr-2021	May-2021	Jun-2021	Jul-2021	Aug-2021	Sep-2021	Oct-2021	Nov-2021	Dec-2021	Total
Audit Services	$ 62,275.70	$ 58,599.80	$ 70,298.07	$ 64,402.36	$ 60,521.69	$ 64,751.51	$ 62,125.92	$ 61,996.54	$ 223,829.24	$ 41,093.81	$ 38,434.69	$ 34,410.24	$ 842,739.57
Compliance, Legal, and Environmental Affairs Services	795,389.74	631,675.27	571,125.36	493,676.25	480,844.65	779,634.83	426,897.09	807,708.18	699,418.64	664,311.15	379,062.54	763,900.85	7,493,644.55
Controller Organization Services	260,323.26	262,579.85	297,703.14	310,890.02	248,365.60	245,084.29	241,975.30	253,959.97	222,141.04	220,283.90	200,238.51	496,314.83	3,259,859.71
Corporate Communications and Public Affairs Management Services	116,637.32	113,482.15	128,844.93	127,545.18	102,246.98	110,074.78	113,057.56	123,196.01	106,310.29	115,485.01	113,821.81	115,347.61	1,386,049.63
Corporate Tax and Payroll Organization Services	496,960.20	496,427.15	560,212.85	505,836.10	609,975.59	364,971.57	471,843.68	527,034.08	790,443.58	100,363.66	426,131.63	633,455.13	5,983,655.22
Customer and Customer-Related Services	1,383,096.27	1,452,979.89	1,563,535.55	1,448,082.27	1,310,743.03	1,486,231.40	1,453,744.45	1,497,248.89	1,452,289.38	1,448,739.56	1,474,436.67	2,452,406.57	18,423,533.93
Distribution Operations Services	876,815.33	988,482.06	1,130,896.77	1,157,332.06	1,131,310.48	1,056,974.68	1,106,822.55	1,138,671.58	1,298,925.76	1,591,518.93	1,223,063.78	1,735,975.43	14,436,789.41
Energy Supply and Analysis Services	303,510.86	411,686.78	307,896.42	271,029.73	260,448.62	377,889.37	411,340.90	406,268.84	338,768.77	300,876.90	283,589.73	297,201.35	3,970,508.27
Executive Management Services	655,078.03	520,553.94	485,569.65	678,200.17	426,041.97	864,223.87	577,683.60	473,717.62	422,806.62	599,819.22	466,259.11	437,796.03	6,607,749.83
Financial Planning and Budgeting Services	188,324.05	189,783.09	211,340.53	203,925.17	183,562.88	193,097.15	197,479.57	203,998.98	184,121.55	179,166.81	166,189.55	189,658.19	2,290,647.52
HR Services	1,678,140.70	1,644,065.66	2,183,956.91	1,711,173.14	1,679,888.77	1,428,216.27	1,391,319.34	1,559,006.16	2,614,605.92	1,547,197.58	1,569,270.59	2,157,408.78	21,164,249.82
IT Services	3,712,063.64	3,613,193.39	3,463,997.48	4,948,756.87	4,758,466.09	3,869,067.57	3,310,037.97	4,095,884.47	2,731,574.06	3,796,148.83	3,585,136.80	5,074,875.24	46,959,202.41
Operating Services	1,160,988.77	1,033,360.53	1,302,805.27	992,839.83	1,011,243.22	941,005.91	1,072,562.11	1,232,289.98	1,404,744.88	982,971.21	1,317,266.54	1,932,689.66	14,384,767.91
Power Production and Generation Services	2,655,223.42	2,654,693.57	2,985,956.11	3,193,737.21	6,902,562.86	5,357,459.10	4,366,579.81	2,668,496.93	4,096,450.00	3,440,584.47	3,768,496.23	2,980,193.15	45,070,432.86
Regulatory Affairs and Government Affairs Management Services	10,722.09	10,680.07	11,881.84	10,935.49	9,953.98	10,175.68	8,590.83	12,710.20	12,783.92	12,061.21	10,770.06	13,061.50	134,326.87
Safety and Technical Training	270,916.58	226,621.98	283,090.11	166,448.97	169,368.46	197,499.10	211,554.79	211,855.85	174,089.47	176,199.80	158,242.20	153,438.04	2,399,325.35
Sarbanes-Oxley Compliance Services	9,256.47	9,355.00	9,948.80	10,113.58	8,076.67	10,332.08	9,871.36	9,601.20	10,003.93	8,523.53	6,349.91	5,975.69	107,408.22
Supply Chain and Logistics Services	289,428.08	287,478.68	309,846.13	383,262.69	281,927.05	286,078.76	288,702.40	278,788.14	247,654.97	299,560.61	210,288.26	256,532.96	3,419,548.73
Transmission Operations & Services	2,276,164.60	1,500,086.43	1,999,376.56	1,667,919.02	1,649,095.29	1,734,968.38	1,598,511.84	2,067,658.59	1,758,061.36	1,558,367.51	1,770,782.22	3,024,292.30	22,605,284.10
Transportation Services	22,637.64	19,551.35	22,041.47	21,917.34	19,952.53	20,422.32	18,965.42	20,450.49	21,529.42	21,497.80	21,022.30	21,826.36	251,814.44
Treasury Services	95,227.79	123,162.57	108,274.03	244,074.31	112,744.46	153,892.81	142,710.60	129,101.67	134,472.04	126,914.06	110,757.31	122,235.91	1,603,567.56
Total	**$ 17,319,180.54**	**$ 16,248,499.21**	**$ 18,008,597.98**	**$ 18,612,097.76**	**$ 21,417,340.87**	**$ 19,552,051.43**	**$ 17,482,377.09**	**$ 17,779,644.37**	**$ 18,945,024.84**	**$ 17,231,685.56**	**$ 17,299,610.44**	**$ 22,898,995.82**	**$ 222,795,105.91**

The current LG&E and KU Services Cost Allocation Manual (CAM), effective January 1, 2020, provides a description of services, the nature and frequency of services provided, and the cost apportionment methodologies.
The CAM was most recently filed with the Commission on March 24, 2021 (Case No. PUR-2020-00200).

Exhibit No. VSCC-2A	$ 43,459,384.79
Exhibit No. VSCC-2B	176,218,396.08
Exhibit No. VSCC-2C	3,072,737.72
Exhibit No. VSCC-2D	43,904.00
Exhibit No. VSCC-2E	683.32
Total	**$ 222,795,105.91**

Convenience Payments:	
Coal Purchases	$ 269,823,589.07
Capital Expenditures	72,182,513.72
Gas Purchases	129,261,401.77
Jointly Owned Plant Alloc	66,775,232.37
Power Sales/Purchases	44,705,239.86
Outside Services	33,082,736.67
Fringe Benefits/Overheads	31,875,801.39
Start-Up Fuel/Reagent Purchases	26,991,671.03
Equipment/Facilities	11,340,866.28
Purchased Material	6,935,740.64
Cash Received by KU on Behalf of LG&E	2,536,243.98
Transmission	7,580,043.09
Other	16,606,121.44
Total	**$ 719,697,201.31**

Other Excluded Non-Service Transactions:	
Borrowing from the LKE Money Pool	$ 858,757,000.00
Borrowing from the LG&E Money Pool	11,315,000.00
Tax Settlements	71,948,246.00
Other Net Accruals and Misc	3,675,204.27
Total	**$ 945,695,450.27**
Grand Total	**$ 1,888,187,757.49**

KENTUCKY UTILITIES COMPANY
ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LOUISVILLE GAS AND ELECTRIC COMPANY
January 1, 2021 - December 31, 2021

No. 10

Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions undertaken with Louisville Gas and Electric Company and LG&E and KU Services Company with the Director of the Division of Utility Accounting and Finance (formerly "Public Utility Accounting") of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999. Such report should include the following information:

1) identification of the affiliates involved in each transaction;
2) description of each affiliate arrangement/agreement and case number in which the transactions were approved;
3) dates of each affiliate arrangement/agreement;
4) description of transactions by component cost by month and in total;
5) description of services provided, consistent with the Company's Cost Allocation Manual;
6) profit component of each arrangement/agreement where services are provided by an affiliate and how such component is determined;
7) comparable market values and documentation related to each arrangement/agreement;
8) percent/dollar amount of each affiliate arrangement/agreement charged to expense and/or capital accounts;
9) allocation bases/factors for allocated costs; please see also the Company's Cost Allocation Manual for a description of allocation methods used;
10) list and description of each utility asset transfer over $250,000;
11) list by functional group of utility assets transfers valued less than $250,000;
12) dollar amount either paid to, or received by, KU/ODP per month.

RESPONSES:

1) Louisville Gas and Electric Company

2) Amended and Restated Utility Services Agreement, Case Number: PUR-2020-00256

3) December 15, 2020

4) Component costs are:

Period	Capital Expenditures	Direct-Indirect Labor	Equipment/ Facilities	Benefits/ Overheads	Materials/ Fuels	Office and Administrative Services	Outside Services	Transmission	Total
Jan-2021	$ 810,690.94	$ 1,116,428.20	$ 45,425.33	$ 713,789.46	$ 179.86	$ 4,947.23	$ 76,816.50	$ 41,144.30	$ 2,809,421.82
Feb-2021	95,661.26	1,147,132.18	49,082.89	707,185.34	26.16	3,355.63	66,567.29	74,757.03	2,143,767.78
Mar-2021	429,813.88	1,210,168.59	46,887.89	997,154.35	98.99	5,204.56	80,148.02	51,958.96	2,821,435.24
Apr-2021	610,333.30	1,174,336.22	52,818.52	730,251.91	101,595.69	4,228.15	67,080.54	45,380.38	2,786,024.71
May-2021	4,573,819.12	1,042,160.33	50,318.33	674,584.31	4,487.67	1,910.17	58,955.96	50,460.68	6,456,696.57
Jun-2021	2,948,067.77	1,108,970.08	60,722.28	614,407.48	106.84	2,035.89	68,635.83	130,581.20	4,933,527.37
Jul-2021	2,012,982.04	1,094,537.58	52,431.26	607,722.86	156,000.55	2,526.88	67,886.64	187,363.49	4,181,451.30
Aug-2021	355,728.48	1,144,544.66	54,554.46	656,654.70	37.98	4,717.01	51,391.64	176,631.99	2,444,260.92
Sep-2021	1,799,475.02	1,065,729.48	52,137.37	1,424,537.91	512.66	1,830.60	105,478.53	113,025.23	4,562,726.80
Oct-2021	1,349,001.52	1,045,644.79	50,482.02	567,630.01	66,507.20	1,632.40	57,363.44	83,872.94	3,222,134.32
Nov-2021	1,369,997.13	1,109,054.00	51,105.23	684,473.55	13,662.89	22,927.39	3,642.50	55,475.37	3,310,338.06
Dec-2021	1,451,599.58	995,793.21	52,672.40	1,000,328.62	120,087.11	5,837.62	110,978.17	50,303.19	3,787,599.90
Total	**$ 17,807,170.04**	**$ 13,254,499.32**	**$ 618,637.98**	**$ 9,378,720.50**	**$ 463,303.60**	**$ 61,153.53**	**$ 814,945.06**	**$ 1,060,954.76**	**$ 43,459,384.79**

5) Services provided are:

Controller Organization Services	$ (126.91)
Corporate Communications and Public Affairs Management Services	(14.70)
Corporate Tax and Payroll Organization Services	58,184.57
Customer and Customer-Related Services	72,361.32
Distribution Operations Services	2,111,291.80
Energy Supply and Analysis Services	1,061,612.97
Financial Planning and Budgeting Services	117.81
HR Services	1,275,499.68
IT Services	615,320.33
Operating Services	682,624.04
Power Production and Generation Services	34,744,425.76
Safety and Technical Training	59,126.75
Supply Chain and Logistics Services	530,465.89
Transmission Operations & Services	2,245,007.72
Transportation Services	1,733.83
Treasury Services	1,753.93
Total	**$ 43,459,384.79**

6) LG&E's and KU's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E are priced at cost, which approximates market value.

8) The percentage of costs charged to capital or expense are as follows:

Capital	$ 17,807,170.04	40.97%
Expense	25,652,214.75	59.03%
	$ 43,459,384.79	100.00%

9) Allocation percentages for overhead calculations on labor as applicable in 2021 are as follows:

Part-Time Labor	68.95%
Temporary Labor and Overtime	20.04%
Full-Time Labor	68.95%

Allocation percentages for overhead calculations on material issued from inventory in 2021 are as follows:

Stores, Freight & Handling - T & D	2.00%
Stores, Freight & Handling - Production	5.97%

Allocation percentages on labor and non-labor for capital projects in 2021 are as follows:

Administrative and General	1.36%
Construction Overheads - Production	10.00%
Construction Overheads - Transmission	1.12%
Construction Overheads - Electric Distribution	16.03%

Allocation percentages for overhead calculations on all labor from departments to which a vehicle is assigned for 2021 are as follows:

Vehicle Cost Allocation	7.99%

10) There were no asset transfers from LG&E to KU over $250,000.

11) Transfer of assets from LG&E to KU less than $250,000 are as follows:

Transfer of distribution transformer	$ 9,503.53
Transfer of land	$ 3,103.30

12) Payables are netted against receivables from the same affiliate (see response to question 4 in Exhibit No. 1A) and net settlements occur in the following month.

KENTUCKY UTILITIES COMPANY
ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY
January 1, 2021 - December 31, 2021

No. 10

Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions undertaken with Louisville Gas and Electric Company and LG&E and KU Services Company with the Director of the Division of Utility Accounting and Finance (formerly "Public Utility Accounting") of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999. Such report should include the following information:

1) identification of the affiliates involved in each transaction;
2) description of each affiliate arrangement/agreement and case number in which the transactions were approved;
3) dates of each affiliate arrangement/agreement;
4) description of transactions by component cost by month and in total;
5) description of services provided, consistent with the Company's Cost Allocation Manual;
6) profit component of each arrangement/agreement where services are provided by an affiliate and how such component is determined;
7) comparable market values and documentation related to each arrangement/agreement;
8) percent/dollar amount of each affiliate arrangement/agreement charged to expense and/or capital accounts;
9) allocation bases/factors for allocated costs; please see also the Company's Cost Allocation Manual for a description of allocation methods used;
10) list and description of each utility asset transfer over $250,000;
11) list by functional group of utility assets transfers valued less than $250,000;
12) dollar amount either paid to, or received by, KU/ODP per month.

RESPONSES:

1) LG&E and KU Services Company

2) Amended and Restated Utility Services Agreement, Case Number: PUR-2020-00256

3) December 15, 2020

4) Component costs are:

Period	Capital Expenditures	Direct-Indirect Labor	Equipment/ Facilities	Benefits/ Overheads	Materials/ Fuels	Office and Administrative Services	Outside Services	Total
Jan-2021	$ 2,489,956.98	$ 5,336,783.99	$ 1,212,435.36	$ 3,505,162.06	$ 136,204.41	$ 334,482.86	$ 1,265,482.39	$ 14,280,508.05
Feb-2021	2,727,749.07	5,178,698.46	781,803.11	3,528,971.68	150,206.05	410,417.45	1,183,945.61	13,961,791.43
Mar-2021	2,742,181.61	5,750,643.16	1,114,981.84	4,039,622.30	182,108.64	379,240.70	827,922.08	15,036,700.33
Apr-2021	2,689,989.75	5,385,951.44	2,022,573.83	3,624,952.42	20,099.61	285,383.21	1,415,004.69	15,443,954.95
May-2021	2,345,813.88	4,944,340.02	2,524,618.44	3,543,447.62	91,752.99	246,494.77	1,096,349.19	14,792,816.91
Jun-2021	2,757,245.75	5,456,079.01	770,170.37	3,321,010.61	107,856.13	323,794.32	1,689,169.87	14,425,326.06
Jul-2021	2,271,472.76	5,136,799.16	835,642.77	3,212,240.02	93,546.99	296,718.57	993,143.30	12,839,563.57
Aug-2021	3,198,666.52	5,476,557.28	1,115,140.20	3,477,677.95	97,155.35	363,226.66	1,395,471.81	15,123,895.77
Sep-2021	2,422,762.84	5,374,211.08	618,397.77	3,949,132.27	85,760.70	333,798.21	1,360,226.38	14,144,289.25
Oct-2021	1,824,649.77	5,044,338.57	1,964,060.91	2,972,074.59	100,129.13	443,961.68	1,264,402.50	13,613,617.15
Nov-2021	2,477,099.05	4,771,672.84	1,433,834.42	3,299,868.13	90,765.27	410,673.68	1,205,957.12	13,689,870.51
Dec-2021	3,907,889.94	4,211,518.14	2,847,010.55	5,155,862.66	101,077.07	787,119.81	1,855,583.93	18,866,062.10
Total	**$ 31,855,477.92**	**$ 62,067,593.15**	**$ 17,240,669.57**	**$ 43,630,022.31**	**$ 1,256,662.34**	**$ 4,615,311.92**	**$ 15,552,658.87**	**$176,218,396.08**

5) Services provided are:

Audit Services	$ 839,165.40
Compliance, Legal, and Environmental Affairs Services	7,266,981.59
Controller Organization Services	3,139,062.50
Corporate Communications and Public Affairs Management Services	1,386,064.33
Corporate Tax and Payroll Organization Services	5,921,159.54
Customer and Customer-Related Services	18,351,172.61
Distribution Operations Services	12,325,497.61
Energy Supply and Analysis Services	2,908,895.30
Executive Management Services	5,862,208.82
Financial Planning and Budgeting Services	2,147,789.28
HR Services	19,844,162.82
IT Services	45,515,542.00
Operating Services	13,571,938.15
Power Production and Generation Services	10,322,894.76
Regulatory Affairs and Government Affairs Management Services	134,326.87
Safety and Technical Training	2,340,198.60
Sarbanes-Oxley Compliance Services	107,408.22
Supply Chain and Logistics Services	2,881,524.84
Transmission Operations & Services	20,360,276.38
Transportation Services	250,080.61
Treasury Services	742,045.85
Total	**$176,218,396.08**

6) LG&E and KU Services Company's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company are priced at cost, which approximates market value.

8) The percentage of costs charged to capital or expense are as follows:

Capital	$ 31,855,477.92	18.08%
Expense	144,362,918.16	81.92%
	$176,218,396.08	100.00%

9) Allocation percentages for overhead calculations on labor as applicable in 2021 are as follows:

Part-Time Labor	73.70%
Temporary Labor and Overtime	22.92%
Full-Time Labor	73.70%

Allocation percentages on labor and non-labor for capital projects in 2021 are as follows:

Administrative and General	1.25%

Allocation percentages for overhead calculations on all labor from departments to which a vehicle is assigned for 2021 are as follows:

Vehicle Cost Allocation	2.10%

10) There were no utility asset transfers over $250,000.

11) There were no utility asset transfers under $250,000.

12) Payables are netted against receivables from the same affiliate (see response to question 4 in Exhibit No. 1B) and net settlements occur in the following month. All PPL charges except for mutual assistance and goods not readily available from the market are settled through LKS. The details for the PPL charges settled through LKS can be found in Exhibit Nos. 1C, 2C and 2D.

KENTUCKY UTILITIES COMPANY
ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY (PPL SERVICES CORPORATION)
January 1, 2021 - December 31, 2021

No. 11

Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of the Division of Utility Accounting and Finance (formerly "Public Utility Accounting") of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999. Such report should include the following information:

1) identification of the non-regulated affiliates involved in each transaction;
2) description of each affiliate arrangement/agreement and case number in which the transactions were approved;
3) dates of each affiliate arrangement/agreement;
4) description of transactions by component cost by month and in total;
5) description of services provided;
6) profit component of each arrangement/agreement where services are provided to an affiliate and how such component is determined;
7) comparable market values and supporting documentation for each type of service provided;
8) dollar amount either paid to, or received by, KU/ODP for each transaction per month.

RESPONSES:

1) LG&E and KU Services Company (on behalf of PPL Services Corporation)

2) Amended and Restated Utility Services Agreement, Case Number: PUR-2020-00256

3) December 15, 2020

4) Component costs are:

Period	Equipment/ Facilities	Office and Administrative Services	Outside Services	Total
Jan-2021	$ 8,191.61	$ -	$ 221,059.06	$ 229,250.67
Feb-2021	11,660.49	-	131,279.51	142,940.00
Mar-2021	11,232.85	-	139,229.56	150,462.41
Apr-2021	7,345.67	-	374,772.43	382,118.10
May-2021	6,879.97	6,449.04	154,498.38	167,827.39
Jun-2021	8,327.56	-	184,870.44	193,198.00
Jul-2021	11,274.68	-	450,087.54	461,362.22
Aug-2021	12,096.48	-	199,391.20	211,487.68
Sep-2021	11,451.91	-	226,556.88	238,008.79
Oct-2021	8,792.76	-	387,141.33	395,934.09
Nov-2021	17,315.07	-	238,182.80	255,497.87
Dec-2021	15,636.67	-	229,013.83	244,650.50
Total	**$ 130,205.72**	**$ 6,449.04**	**$ 2,936,082.96**	**$ 3,072,737.72**

5) Services provided are:

Audit Services	$ 3,574.17
Compliance, Legal, and Environmental Affairs Services	226,662.96
Controller Organization Services	120,924.12
Corporate Tax and Payroll Organization Services	4,311.11
Executive Management Services	745,541.01
Financial Planning and Budgeting Services	142,740.43
IT Services	828,340.08
Operating Services	130,205.72
Power Production and Generation Services	3,112.34
Supply Chain and Logistics Services	7,558.00
Treasury Services	859,767.78
Total	**$ 3,072,737.72**

6) KU's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company (on behalf of PPL Services Corporation) are priced at cost, which approximates market value.

8) Net settlements occur in the following month through LKS. See the response to question 12 on Exhibit No. 2B.

KENTUCKY UTILITIES COMPANY
ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY (PPL EU SERVICES CORPORATION)
January 1, 2021 - December 31, 2021

No. 11

Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of the Division of Utility Accounting and Finance (formerly "Public Utility Accounting") of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999. Such report should include the following information:

1) identification of the non-regulated affiliates involved in each transaction;
2) description of each affiliate arrangement/agreement and case number in which the transactions were approved;
3) dates of each affiliate arrangement/agreement;
4) description of transactions by component cost by month and in total;
5) description of services provided;
6) profit component of each arrangement/agreement where services are provided to an affiliate and how such component is determined;
7) comparable market values and supporting documentation for each type of service provided;
8) dollar amount either paid to, or received by, KU/ODP for each transaction per month.

RESPONSES:

1) LG&E and KU Services Company (on behalf of PPL EU Services Corporation)

2) Amended and Restated Utility Services Agreement, Case Number: PUR-2020-00256

3) December 15, 2020

4) Component costs are:

Period	Outside Services	Total
Nov-2021	$ 43,904.00	$ 43,904.00
Total	**$ 43,904.00**	**$ 43,904.00**

5) Services provided are:

HR Services	$ 43,904.00
Total	**$ 43,904.00**

6) KU's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company (on behalf of PPL EU Services Corporation) are priced at cost, which approximates market value.

8) Settlements of current month payables are due in the following month and are processed through LKS.

KENTUCKY UTILITIES COMPANY
ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY (PPL ELECTRIC UTILITIES CORPORATION)
January 1, 2021 - December 31, 2021

No. 11

Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of the Division of Utility Accounting and Finance (formerly "Public Utility Accounting") of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999. Such report should include the following information:

1) identification of the non-regulated affiliates involved in each transaction;
2) description of each affiliate arrangement/agreement and case number in which the transactions were approved;
3) dates of each affiliate arrangement/agreement;
4) description of transactions by component cost by month and in total;
5) description of services provided;
6) profit component of each arrangement/agreement where services are provided to an affiliate and how such component is determined;
7) comparable market values and supporting documentation for each type of service provided;
8) dollar amount either paid to, or received by, KU/ODP for each transaction per month.

RESPONSES:

1) LG&E and KU Services Company (on behalf of PPL Electric Utilities Corporation)

2) Utility Services Agreement for Goods Not Readily Available from the Market, Obsolete, or Otherwise Surplus, Case Number: PUR-2019-00057

3) May 9, 2019

4) Component costs are:

Period	Outside Services	Total
Dec-2021	$ 683.32	$ 683.32
Total	**$ 683.32**	**$ 683.32**

5) Services provided are:

HR Services	$ 683.32
Total	**$ 683.32**

6) KU's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company (on behalf of PPL Electric Utilities Corporation) are priced at cost, which approximates market value.

8) Settlements of current month payables are due in the following month and are processed through LKS.

2021 VA ARAT
KU Recipient of Service (Payables)
LKS billings to KU/ODP by FERC account by month
Order Granting Approval, Appendix Item 12b
CASE NO. PUR-2018-00049

12b) An annual schedule showing LKS billings to KU/ODP by FERC account, month, and amount as they are recorded on KU/ODP's books

RESPONSE:

Services

FERC Account	JAN-2021	FEB-2021	MAR-2021	APR-2021	MAY-2021	JUN-2021	JUL-2021	AUG-2021	SEP-2021	OCT-2021	NOV-2021	DEC-2021	Total
107	$ 2,302,167.21	$ 2,555,298.22	$ 2,548,270.47	$ 2,458,310.83	$ 2,160,103.22	$ 2,564,138.02	$ 2,073,037.06	$ 2,996,877.24	$ 2,183,456.41	$ 1,635,151.46	$ 2,296,270.87	$ 3,696,924.63	$ 29,470,005.64
108	187,789.77	172,450.85	193,911.14	231,678.92	185,710.66	193,107.73	198,435.70	201,789.28	239,306.43	189,498.31	180,828.18	210,965.31	2,385,472.28
146	-	-	-	-	-	-	-	-	-	-	-	27.04	27.04
163	106,383.52	103,125.28	117,077.35	114,108.30	107,193.54	103,179.60	106,878.25	115,036.35	109,842.15	125,655.35	118,377.47	128,596.33	1,355,453.49
165	706,411.19	288,932.19	359,162.55	1,676,392.56	2,015,183.96	442,604.89	306,246.23	579,186.43	140,644.96	1,453,737.32	900,788.19	1,999,925.45	10,869,215.92
182.3	-	-	-	-	-	-	749.22	1,833.53	733.59	749.34	375.05	6,455.52	10,896.25
183	51,982.83	24,641.45	75,773.68	10,109.67	1,010.78	2,378.53	2,574.24	3,266.71	2,338.16	305.68	4,337.28	2,553.43	181,272.44
184	1,351,315.01	1,191,661.57	1,538,116.09	1,174,230.42	1,318,447.08	1,357,207.08	1,289,957.97	1,339,919.61	1,465,746.72	1,473,483.81	1,433,917.19	1,665,304.72	16,599,307.27
186	-	692.50	(2,698.05)	(33,873.25)	2,458.38	4,879.40	885.10	(721.51)	-	3,104.80	1,926.93	80,973.70	57,628.00
232	-	-	-	-	-	(2,564.88)	(3,489.18)	-	-	-	-	-	(6,054.06)
408.1	411,190.84	412,959.47	460,667.80	427,310.99	407,488.78	417,651.42	406,373.10	436,178.97	394,630.67	367,533.66	348,622.45	533,697.84	5,024,305.99
421.2	-	-	-	-	-	-	-	-	-	-	-	286,208.07	286,208.07
426.4	52,836.58	75,186.88	44,808.90	88,978.84	37,179.67	76,681.15	48,399.99	61,916.02	44,116.16	55,822.76	61,899.39	61,600.91	709,427.25
426.5	123,860.83	50,526.97	10,669.27	7,775.85	10,277.46	14,281.84	33,950.00	29,054.54	18,847.44	23,120.61	82,640.03	97,784.98	502,789.82
454	-	-	-	-	-	-	-	(472.49)	-	-	-	-	(472.49)
500	132,459.12	138,329.75	210,726.56	130,786.36	141,800.76	151,564.27	150,883.78	154,077.83	139,802.19	139,812.87	144,400.04	152,844.71	1,787,488.24
501	61,917.42	62,178.55	69,658.66	62,721.40	65,825.16	73,983.32	103,926.86	79,797.67	73,131.41	66,588.29	67,897.92	68,840.15	856,466.81
502	641.10	401.67	614.63	475.08	476.45	391.10	272.63	479.54	776.00	-	-	-	4,528.20
506	292,835.31	269,547.60	110,932.51	280,624.39	220,067.33	171,366.93	210,192.58	244,390.83	244,734.73	292,007.14	207,275.06	270,903.59	2,814,878.00
510	142,194.02	264,940.06	219,971.84	163,040.80	201,475.19	173,955.97	178,605.49	196,673.27	192,059.98	214,360.04	181,949.78	186,312.87	2,315,539.31
511	19,341.46	27,901.02	7,292.86	9,671.08	13,668.32	8,304.25	12,207.88	6,641.30	15,183.17	12,755.63	18,702.23	13,733.21	165,402.41
512	1,372.34	9.11	-	-	-	1,147.17	-	-	1,661.73	5,601.36	8,792.37	14,327.34	32,911.42
513	18,757.16	(4,409.87)	2,951.73	109,976.23	35,909.79	6,652.72	21.29	-	4,505.28	-	4,373.04	746.72	179,484.09
514	671.60	839.31	2,100.64	6,634.39	433.62	3,019.54	2,447.49	7,803.95	2,218.78	19,812.77	2,479.02	3,184.67	51,645.78
556	211,651.79	201,874.45	227,054.96	209,680.20	191,532.07	201,212.05	201,737.49	210,302.98	208,613.26	198,341.77	207,652.76	229,069.48	2,498,723.26
560	136,017.30	139,651.24	195,177.52	138,635.22	124,993.77	136,939.44	151,487.40	158,860.56	154,207.50	153,601.81	150,789.49	167,971.27	1,808,332.52
561.1	45,747.86	44,405.82	52,722.76	47,360.00	48,822.78	64,161.49	66,820.20	57,150.72	60,203.20	54,613.06	65,380.84	73,804.27	681,193.00
561.2	213,141.65	197,952.47	217,904.94	216,943.67	201,473.01	215,274.48	199,958.79	214,716.61	207,789.46	203,502.99	215,820.87	238,919.49	2,543,398.43
561.3	45,474.49	40,349.53	57,403.32	67,399.13	55,982.71	61,926.00	51,850.10	60,882.74	57,146.93	61,999.64	63,211.15	75,950.08	699,575.82
561.5	62,239.04	56,488.43	7,017.43	51,970.63	49,282.38	54,596.25	46,436.58	56,740.61	55,360.06	50,226.07	47,732.10	51,010.67	589,100.25
561.6	2,346.65	1,840.28	3,343.80	3,699.53	46,913.62	338.50	528.45	-	-	830.38	3,033.11	31,834.60	94,708.92
561.7	2,042.73	4,327.88	1,922.62	3,589.80	4,466.98	3,068.69	654.53	5,898.95	101.07	1,741.37	2,826.11	1,842.60	32,483.33
562	22,341.78	19,225.36	23,771.77	6,946.93	2,702.21	1,745.50	1,697.26	1,540.35	2,253.84	549.60	838.36	2,865.51	86,478.47
563	2,246.54	1,074.37	1,339.79	5,750.92	6,494.52	6,082.06	4,813.43	13,425.90	12,775.00	18,804.39	2,291.56	11,125.70	86,224.18
566	62,802.02	74,028.47	97,455.73	71,501.63	44,819.09	68,409.32	50,066.26	96,409.33	68,260.26	86,575.71	111,678.07	70,714.66	902,720.55
570	122,545.38	75,537.86	84,483.65	64,688.87	47,881.48	56,700.84	76,351.65	77,025.49	61,700.91	37,673.45	53,464.65	61,018.43	819,072.66
571	22,133.25	48,033.32	30,467.62	31,509.60	34,418.05	21,499.72	24,114.78	20,328.91	13,628.30	22,760.39	25,192.29	23,559.41	317,645.64
573	2,725.14	61.01	5,463.40	1,801.59	2,523.79	2,444.34	9,624.87	5,021.86	10,203.05	4,149.93	15,491.02	7,446.73	66,956.73
580	160,043.66	236,652.55	160,179.82	130,416.39	127,474.47	144,746.10	140,842.51	125,688.07	133,276.96	136,405.89	130,377.87	206,632.96	1,832,737.25
581	21,967.98	20,491.39	26,420.75	24,483.71	25,315.51	30,661.01	30,536.89	29,794.57	27,306.55	25,916.91	28,500.10	27,538.28	318,933.65
582	639.86	2,342.72	3,059.83	1,043.93	3,008.45	3,420.62	689.81	2,337.63	3,452.75	2,463.66	1,020.68	2,641.58	26,121.52
583	122,215.36	83,031.02	127,533.32	117,579.69	82,133.87	116,276.81	100,977.29	110,096.19	99,742.72	96,178.04	89,426.00	107,292.67	1,252,482.98
586	64,032.46	65,064.26	80,431.29	67,044.22	66,864.93	74,490.44	68,210.22	79,098.48	68,792.53	69,523.15	62,481.34	71,998.58	838,031.90
588	219,973.82	269,453.40	369,936.19	253,562.30	246,602.72	260,651.39	228,903.33	259,140.11	264,420.57	310,877.66	236,087.75	239,637.32	3,159,246.56
590	-	-	23.62	1,091.96	127.44	43.23	-	14.41	28.78	227.82	53.76	-	1,611.02
592	-	-	254.98	756.39	79.28	14.00	280.77	775.09	-	-	-	-	2,160.51
593	12,762.81	13,617.51	14,224.95	14,894.50	16,239.79	15,295.37	17,824.31	17,360.35	14,181.03	14,927.65	18,545.25	13,464.23	183,337.75
595	-	-	-	-	-	-	-	-	-	-	-	762.86	762.86
598	14,475.63	2,152.93	31,754.77	13,785.10	16,075.63	15,805.23	17,016.66	12,771.41	21,318.71	27,299.85	12,210.12	19,875.13	204,541.17
901	260,307.66	282,733.34	329,530.58	299,968.39	283,892.04	307,742.48	284,152.49	304,480.96	284,782.09	280,576.37	273,953.53	281,005.64	3,473,125.57
902	20,907.94	30,576.47	23,130.11	26,439.59	19,453.82	21,015.66	19,445.25	20,624.43	17,905.47	17,751.37	19,030.81	23,663.70	259,944.62
903	815,520.17	848,761.95	894,009.78	822,203.49	727,209.34	844,027.49	847,164.27	853,938.62	798,532.81	780,788.33	796,157.12	934,487.38	9,962,800.75
905	-	-	-	-	-	-	-	-	-	30.92	-	-	30.92
907	44,769.01	39,546.28	47,612.81	44,050.97	41,817.47	44,343.51	34,472.87	42,246.19	41,874.41	36,525.63	39,976.22	40,763.12	497,998.49
908	87,485.52	100,235.13	105,282.55	107,382.29	84,999.44	93,080.90	98,819.59	90,552.60	86,875.01	84,993.62	84,603.85	103,371.89	1,127,682.39
909	-	-	-	-	-	-	-	28,536.62	-	-	-	-	28,536.62
910	71,735.25	66,805.46	73,097.91	64,268.25	60,131.92	70,884.82	70,110.80	67,781.82	65,589.29	66,937.56	67,932.32	91,805.34	837,080.74
912	-	-	-	-	-	-	-	75.97	-	-	-	-	75.97
920	2,733,312.47	2,645,918.93	3,033,551.08	2,865,910.88	2,646,693.31	2,760,266.19	2,602,880.22	2,872,455.52	3,197,199.50	2,251,736.91	2,427,602.43	2,556,080.91	32,593,608.35
921	474,101.49	649,965.43	567,582.29	540,551.07	439,070.37	491,186.37	464,521.95	557,724.39	512,769.67	497,298.60	508,197.25	548,359.43	6,251,328.31
923	594,823.73	448,108.25	252,337.77	543,434.66	436,021.47	997,639.63	374,298.77	619,656.73	388,763.61	438,759.31	366,949.58	693,396.44	6,154,189.95
925	929.28	913.80	1,039.93	971.59	923.23	5,056.07	902.83	981.59	923.16	892.20	840.31	(9,444.18)	4,929.81
926	1,417,848.24	1,396,066.27	1,661,675.75	1,424,600.32	1,444,443.36	1,211,670.31	1,159,331.27	1,261,717.51	1,518,335.69	1,266,402.96	1,245,327.01	1,723,628.45	16,731,047.14
928	-	-	-	2,986.90	3,942.40	672.00	-	84,641.10	131,785.20	4,418.20	18,780.60	6,865.70	254,092.10
930.2	19,950.49	20,250.79	30,988.51	28,157.73	26,862.24	30,549.10	52,665.40	27,364.80	36,627.31	20,721.89	26,166.83	24,051.61	344,356.70
931	124,916.74	113,316.27	141,434.48	99,983.32	112,438.31	111,923.96	112,168.44	122,406.72	119,150.00	112,437.64	114,712.01	504,696.74	1,789,584.63
935	80,205.55	85,724.21	86,069.32	107,956.73	93,979.49	115,534.64	104,650.16	99,599.81	124,676.63	95,053.25	89,682.90	124,442.23	1,207,574.92
Total Services	**$ 14,280,508.05**	**$ 13,961,791.43**	**$ 15,036,700.33**	**$ 15,443,954.95**	**$ 14,792,816.91**	**$ 14,425,326.06**	**$ 12,839,563.57**	**$ 15,123,895.77**	**$ 14,144,289.25**	**$ 13,613,617.15**	**$ 13,689,870.51**	**$ 18,866,062.10**	**$ 176,218,396.08**

2021 VA ARAT
KU Recipient of Service (Payables)
LKS billings to KU/ODP by FERC account by month
Order Granting Approval, Appendix Item 12b
CASE NO. PUR-2018-00049

Convenience Payments

FERC Account	JAN-2021	FEB-2021	MAR-2021	APR-2021	MAY-2021	JUN-2021	JUL-2021	AUG-2021	SEP-2021	OCT-2021	NOV-2021	DEC-2021	Total
107	$ 1,447,706.49	$ 1,164,488.13	$ 1,297,481.01	$ 2,486,976.62	$ 1,433,080.13	$ 3,072,454.51	$ 1,420,157.09	$ 1,636,227.82	$ 2,309,721.50	$ 1,356,731.87	$ 2,209,140.52	$ 4,693,356.14	$ 24,527,521.83
108	25,882.92	32,355.62	11,906.82	19,930.68	26,180.64	48,603.89	24,943.86	33,556.36	23,516.45	37,912.01	10,790.88	107,862.52	403,442.65
131	8,746.00	(3,672.00)	212.50	375.00	487.50	445.04	(79,613.67)	173.00	519.50	369.50	350.00	100.00	(71,507.63)
141	589,680.00	-	-	589,680.00	-	-	576,020.00	-	-	1,188,579.00	-	-	2,943,959.00
143	(2.00)	-	-	-	-	-	-	-	-	-	-	-	(2.00)
151	25,152,883.04	22,610,246.37	19,529,375.27	25,180,509.70	22,601,058.41	23,191,998.69	22,481,430.16	30,762,133.08	23,751,109.77	25,601,112.62	28,415,424.91	21,356,055.55	290,633,337.57
163	1,640.31	22,881.99	4,261.12	6,654.46	3,398.17	1,834.40	15,212.38	10,514.94	9,894.12	1,384.08	2,578.19	3,144.09	83,398.25
165	2,067,652.39	1,196,659.42	(400,946.11)	8,103,788.61	(266,058.48)	(610,665.28)	(282,091.42)	1,556,523.01	(282,091.42)	(282,091.42)	(282,091.42)	1,570,718.77	12,089,306.65
171	-	-	-	-	-	-	-	-	-	-	15.62	-	15.62
182.3	22,187.91	83,088.13	675,937.80	165,325.82	161,566.64	464,238.83	784.91	97,478.79	3,361,193.74	9,597.42	18,512.41	732,500.96	5,792,413.36
183	-	-	-	2,882.52	-	-	-	-	-	-	-	-	2,882.52
184	1,246,454.41	1,635,797.87	1,965,911.73	1,569,301.28	1,369,987.56	1,883,832.38	1,720,419.67	1,785,633.99	1,491,113.40	1,373,589.70	1,466,724.13	1,742,049.96	19,250,816.08
186	-	-	-	-	-	41,000.00	-	-	-	-	-	-	41,000.00
219	-	-	-	-	-	-	-	-	-	-	-	-	-
228.3	259,329.24	32,679.61	39,276.34	233,752.27	33,398.37	33,726.81	266,676.31	34,977.99	34,785.28	63,838.38	35,202.97	33,818.79	1,101,462.36
232	767,916.10	881,990.61	1,145,343.04	778,892.75	832,373.10	823,838.49	1,176,104.99	796,801.62	682,687.94	829,164.41	779,038.44	1,345,646.07	10,839,797.56
242	6,739.08	-	1,834,491.36	-	-	174.30	-	-	-	-	-	5,792.50	1,847,197.24
417.1	-	-	1,343.26	-	-	-	-	-	-	-	-	-	1,343.26
421	(662.70)	(1,153.06)	(652.69)	(945.26)	-	(1,419.40)	(556.95)	(336.52)	(176.72)	(817.61)	(130.19)	(1,290.62)	(8,141.72)
426.1	-	-	1,350.00	-	-	-	-	-	-	-	-	-	1,350.00
426.4	33.88	275.83	-	-	-	3,267.00	513.00	8,544.43	-	5,400.00	5,400.00	32,744.00	56,178.14
426.5	121.25	-	256.20	4.79	-	1,742.90	182.00	-	1,163.22	-	61.95	22,241.38	25,773.69
454	-	-	-	-	-	(1,925.00)	-	-	-	-	-	-	(1,925.00)
500	3,523.15	1,043.50	1,857.49	2,947.36	1,853.54	5,073.66	2,946.08	2,307.57	7,321.01	1,778.45	3,701.02	2,153.67	36,506.50
501	10,077.86	6,230.34	3,749.91	6,066.32	2,000.27	6,089.24	4,229.91	3,769.02	4,519.34	4,900.46	5,787.62	9,283.95	66,704.24
502	21,618.61	28,100.99	29,941.23	12,362.24	27,670.00	14,738.25	13,923.44	12,805.92	6,870.28	4,307.38	2,658.07	22,075.42	197,071.83
506	4,905.56	32,995.52	6,631.86	24,949.14	7,467.39	7,297.41	22,630.47	23,477.29	15,481.04	26,750.55	17,396.34	22,052.63	212,035.20
510	5,827.82	1,094.30	447.72	-	-	4,272.68	99.55	56,280.85	13,715.75	20,857.50	-	12,395.00	114,991.17
511	18,318.76	19,778.93	21,458.02	27,331.21	35,041.11	23,637.70	23,289.15	28,580.40	38,601.84	31,571.55	23,860.19	51,561.81	343,030.67
512	-	-	2,280.72	-	1,906.79	-	-	-	-	-	4,563.00	-	8,750.51
513	2,310.69	1,291.75	3,522.45	6,967.03	8,875.25	1,979.92	2,566.71	2,556.39	2,585.22	2,443.49	-	2,491.37	37,590.27
514	1,780.51	8,675.38	4,096.33	-	-	433.97	-	-	-	-	19,463.37	51,027.34	85,476.90
548	-	-	-	-	-	-	-	-	-	-	3,037.64	-	3,037.64
554	-	4,103.24	-	-	-	-	-	-	-	-	-	-	4,103.24
556	93.04	689.88	359.43	-	-	-	-	-	383.50	-	-	-	1,525.85
557	11,676.17	11,676.17	11,676.17	11,676.17	11,877.48	11,877.48	11,877.48	11,877.48	11,877.48	11,877.48	11,877.48	11,877.51	141,724.55
560	267.99	2,601.79	69.25	4,676.93	2,729.19	2,617.16	1,016.06	6,645.63	10,158.96	-	2,427.11	6,872.18	40,082.25
561.1	2,237.67	3,112.77	2,610.89	2,033.80	2,029.82	2,302.65	2,077.61	2,078.45	2,119.28	7,576.99	2,204.72	2,067.54	32,452.19
561.2	3,590.60	3,590.60	3,590.60	3,590.60	3,590.60	3,590.60	4,155.75	3,415.36	3,535.36	3,535.36	3,680.29	3,535.36	43,401.08
561.5	-	-	-	12.10	-	5,589.13	1,992.51	-	-	-	-	-	7,593.74
561.6	-	-	62,901.20	-	887.76	-	591.84	-	-	-	-	-	64,380.80
561.7	246.60	443.88	295.92	73.98	542.52	1,035.72	147.96	-	2,613.96	-	-	-	5,400.54
563	-	-	-	7,647.90	-	-	-	-	-	-	-	-	7,647.90
566	377,708.58	327,162.41	321,377.04	310,736.24	307,723.31	360,096.35	304,676.51	301,835.35	324,078.43	301,685.15	330,791.22	295,506.37	3,863,376.96
570	4,500.33	2,206.83	1,841.07	2,200.10	853.51	850.15	2,762.11	2,558.60	2,528.63	1,736.87	117.50	(1,726.15)	20,429.55
571	94.86	23.72	1,843.38	4,077.78	4,525.55	3,941.83	3,575.04	6,055.35	4,552.59	19.06	-	-	28,709.16
573	12,087.12	21,102.75	8,628.56	19,631.04	5,189.38	20,598.81	12,347.28	9,986.95	14,220.54	7,871.84	16,473.48	26,353.85	174,491.60
580	1,881.16	5,624.38	2,169.74	16,706.58	3,176.90	4,449.99	3,043.29	7,587.75	9,525.46	3,854.19	48,465.61	19,833.78	126,318.83
582	-	1,877.04	1,651.74	-	-	-	-	-	-	-	-	-	3,528.78
583	118.25	1,119.61	524.50	480.13	1,737.38	548.37	379.88	668.29	386.25	379.00	382.37	384.75	7,108.78
586	669.71	1,544.43	1,066.15	2,633.87	537.38	1,587.17	379.88	492.63	5,580.25	379.00	382.37	11,488.89	26,741.73
588	66,350.34	33,440.05	39,863.65	23,320.66	23,304.65	25,722.41	27,646.91	21,262.32	52,278.33	30,866.09	8,633.17	31,788.92	384,477.50
590	-	-	35,805.00	-	-	-	-	-	-	-	-	-	35,805.00
592	118.25	989.12	1,460.44	480.12	537.37	548.38	379.87	492.62	386.25	379.00	382.38	384.75	6,538.55
593	-	-	-	-	-	-	-	1.62	-	-	-	-	1.62
598	28,383.42	18,143.76	22,689.86	31,756.27	6,571.52	31,865.63	5,480.55	20,723.59	17,944.35	22,102.40	8,538.73	70,347.76	284,547.84
901	5,524.65	465.99	954.80	8,903.46	2,203.04	32,676.45	709.55	1,990.88	614.00	62.32	12,151.62	2,424.90	68,681.66
902	342.87	249.53	183.65	183.65	183.65	183.65	183.65	-	378.31	183.65	183.65	183.65	2,439.91
903	50,186.65	26,329.32	153,850.25	174,079.49	48,701.16	342,512.19	114,103.90	65,311.63	64,877.50	87,019.24	63,020.55	142,408.65	1,332,400.53
907	-	28.09	-	-	-	-	-	-	-	-	-	-	28.09
908	425,554.85	440,761.48	454,543.23	424,436.42	422,052.35	452,613.88	584,162.62	480,011.32	338,259.14	368,126.60	411,487.48	323,906.83	5,125,916.20
909	23,780.77	68,732.75	122,605.74	10,943.94	86,628.47	35,345.03	318,433.26	219,229.00	314,083.22	81,915.88	177,367.49	307,031.28	1,766,096.83
910	139,467.43	152,732.94	165,982.80	135,885.31	55,052.43	92,068.94	135,937.10	94,583.02	97,096.05	54,458.13	167,369.11	182,447.34	1,473,080.60
912	-	-	275,200.00	-	-	-	-	-	-	281,600.00	-	185,600.00	742,400.00
913	(25,937.25)	213,730.55	129,933.56	57,637.80	105,619.27	50,039.78	202,066.48	24,935.53	235,925.84	52,216.12	49,095.85	53,859.25	1,149,122.78
920	-	-	-	-	-	-	-	-	-	-	-	842.40	842.40
921	81,063.53	92,883.67	289,824.76	106,282.51	97,752.22	120,522.68	87,836.74	140,847.41	122,676.98	150,927.45	113,024.95	146,397.90	1,550,040.80
923	103,334.41	66,726.08	517,938.27	35,893.61	64,463.42	(59,825.57)	312,025.65	72,602.46	253,068.17	99,026.56	341,580.64	447,793.85	2,254,627.55
924	46,932.51	26,500.00	50,561.39	29,900.00	84.37	80,560.00	29,900.00	1,952.90	-	29,900.00	-	-	296,291.17
925	-	49,000.00	3,976.66	598.58	49,000.00	365.21	49,000.00	-	-	49,000.00	1,091.07	-	202,031.52
928	-	-	-	-	-	7,271.05	-	-	-	4,954.50	-	-	12,225.55
930.2	91,781.74	223,915.79	129,163.81	138,914.20	119,342.68	114,096.62	146,226.13	216,971.15	201,815.93	121,730.98	183,868.05	526,336.11	2,214,163.19
935	113,318.40	58,663.51	13,757.07	42,265.02	16,459.40	56,089.64	45,612.57	19,337.08	34,072.41	31,612.74	54,211.81	82,516.65	567,916.30
Total Convenience Payments	**$ 33,230,045.93**	**$ 29,615,021.36**	**$ 29,008,433.96**	**$ 40,825,410.80**	**$ 27,723,643.17**	**$ 30,818,411.77**	**$ 29,798,595.82**	**$ 38,585,460.32**	**$ 33,597,568.43**	**$ 32,082,375.94**	**$ 34,750,294.36**	**$ 34,698,245.62**	**$ 394,733,507.48**

2021 VA ARAT
KU Recipient of Service (Payables)
LKS billings to KU/ODP by FERC account by month
Order Granting Approval, Appendix Item 12b
CASE NO. PUR-2018-00049

Other Excluded Non-Service Transactions

FERC Account	JAN-2021	FEB-2021	MAR-2021	APR-2021	MAY-2021	JUN-2021	JUL-2021	AUG-2021	SEP-2021	OCT-2021	NOV-2021	DEC-2021	Total
107	$ (61,016.55)	$ (205,833.67)	$ 1,034,500.15	$ (795,983.86)	$ 257,250.00	$ (402,002.72)	$ 743,685.06	$ (808,059.12)	$ (153,776.50)	$ 618,761.42	$ 1,045,635.83	$ (749,579.78)	$ 523,580.26
108	3,214.07	22,797.35	(12,500.85)	5,590.29	(22,607.40)	18,654.53	(5,574.17)	(10,764.18)	2,839.31	8,470.27	17,865.63	(12,800.76)	15,184.09
143	-	-	-	-	-	-	-	-	-	-	4.87	-	4.87
163	32,395.93	(9,835.93)	(9,133.39)	57,006.25	(37,393.00)	(12,550.00)	30,028.00	(19,014.00)	(15,437.00)	15,701.00	(25,249.00)	(8,967.00)	(2,448.14)
165	-	-	183,723.70	(183,723.70)	183,723.70	285,985.50	(183,452.22)	(100.94)	181,842.94	(182,894.77)	31,325.29	160,690.03	477,119.53
182.3	(516,792.41)	-	16,340.94	-	(16,340.94)	2,827.50	3,206.36	(6,033.86)	5,180.27	(5,180.27)	-	15,282.92	(501,509.49)
183	(15,834.50)	4,210.08	(12,259.43)	(5,818.65)	1,633.31	(9,720.00)	(816.66)	(816.65)	1,662.50	2,128.00	(1,662.50)	66.50	(37,228.00)
184	(10,519.19)	(47,254.60)	(124,581.08)	103,287.23	(29,782.04)	(13,612.57)	23,429.58	127,999.71	(87,393.46)	6,123.10	(32,492.03)	124,837.55	40,042.20
186	-	577.50	(577.50)	1,592.75	(1,592.75)	542.10	(542.10)	-	-	-	26,005.00	(23,218.50)	2,786.50
232	-	-	-	(59,817.22)	(49,630.39)	73,373.36	5,256.86	3,553.64	20,343.95	(14,352.16)	7,478.77	12,756.19	(1,037.00)
236	(61,605.41)	(74,590.36)	(61,690.65)	(63,130.96)	(97,591.32)	(91,201.13)	(24,074.88)	(115,729.30)	(33,247.51)	(38,645.65)	(44,507.53)	(136,559.21)	(842,573.91)
408.1	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	(16,090.33)	-	9,909.67
426.4	-	-	18.90	-	-	-	-	67.50	-	-	108.00	134.46	328.86
426.5	(131,935.12)	2,201.54	3,459.93	2,037.40	(5,283.57)	3,573.54	(1,495.85)	3,006.04	270.59	(3,134.56)	608.68	6,020.53	(120,670.85)
500	43,220.74	57,825.50	(56,051.85)	(1,945.95)	(1,468.45)	914.69	(558.54)	1,009.31	4,581.14	(2,766.96)	(7,522.19)	3,553.88	40,791.32
501	191.70	226.92	2,303.74	(3,978.88)	2,522.54	(1,307.02)	(561.82)	1,088.34	325.53	1,315.82	(1,148.59)	(707.71)	270.57
502	16,264.54	8,158.04	(13,411.43)	15,104.33	(27,903.22)	15,057.51	(10,091.95)	(1,252.44)	(1,916.61)	9,196.16	1,849.60	(3,391.53)	7,663.00
506	(3,175.01)	(10,148.93)	141,256.78	(53,581.30)	(72,474.01)	16,423.82	(21,936.83)	10,387.77	(8,876.11)	(316.65)	4,770.57	(4,512.31)	(2,182.21)
510	16,975.69	(48,599.65)	188,351.41	42,025.23	(198,806.26)	20,362.56	12,425.61	(45,965.39)	5,359.78	28,465.08	197,952.63	(184,248.77)	34,297.92
511	4,653.19	(3,001.30)	(1,613.89)	(5,281.91)	(755.92)	5,466.40	1,872.29	4,036.80	1,020.60	(4,162.87)	(3,043.53)	(3,572.78)	(4,382.92)
513	-	1,399.83	(349.33)	(1,050.50)	-	-	-	-	-	-	-	-	-
514	(2,440.59)	579.11	2,733.47	(2,397.62)	9,872.80	(1,196.55)	(1,134.26)	(1,887.95)	(130.05)	(5,169.95)	11,082.34	(11,223.02)	(1,312.27)
556	(430.94)	-	-	-	-	87.91	-	-	-	-	-	19,271.17	18,928.14
560	503.29	37,619.21	(37,085.59)	54.57	-	(1,091.48)	-	-	-	-	-	-	0.00
561.1	-	-	-	-	-	-	-	-	-	-	-	5,113.60	5,113.60
561.5	-	(26,897.00)	26,897.00	-	-	-	-	-	-	-	-	-	-
561.7	-	-	-	-	-	-	-	-	-	-	-	1,596.00	1,596.00
566	176,869.26	23,545.87	(12,453.52)	189,908.70	(23,925.99)	(5,789.39)	182,664.35	(1,106.31)	7,759.74	234,286.69	(47,406.51)	(5,209.23)	719,143.66
570	(852.36)	(0.01)	(626.98)	35.75	-	-	-	-	-	-	-	-	(1,443.60)
571	-	-	-	-	-	-	-	-	44.38	-	-	-	44.38
573	-	-	16,662.00	-	(16,662.00)	270.00	1,345.00	1,760.00	1,825.92	(1,408.28)	(793.36)	2,155.88	5,155.16
580	(37,595.37)	(80,805.01)	7,884.00	3,049.13	(1,139.60)	(66.10)	(4,666.54)	7,936.32	3,180.27	5,052.07	(3,842.68)	6,692.36	(94,321.15)
582	-	-	-	-	-	750.00	850.00	(1,600.00)	-	-	-	-	-
586	-	1,824.00	(1,824.00)	-	-	-	-	-	-	-	-	-	-
588	56,562.96	8,538.52	(60,346.47)	15,121.07	2,560.18	(12,452.76)	247.95	5,708.05	17,622.50	1,342.24	3,207.86	2,426.38	40,538.48
592	(1,443.57)	-	-	-	-	-	-	-	-	-	-	-	(1,443.57)
593	-	-	122.55	3,184.02	1,877.12	(2,643.76)	539.84	(398.72)	(125.44)	-	3,341.52	(4,014.64)	1,882.49
598	-	-	35,041.00	(8,655.00)	(6,326.00)	(17,830.20)	6,129.20	(8,359.00)	15,638.00	1,695.00	(10,218.00)	8,584.00	15,699.00
901	(471.75)	-	3,148.20	(3,148.20)	-	330.00	(330.00)	382.77	71,543.45	(70,130.50)	4,406.05	137.50	5,867.52
903	222.22	(16,859.27)	63,977.24	(122,603.72)	45,642.44	(221,237.01)	(69,940.05)	12,473.79	(17,190.02)	58,369.40	31,557.51	(74,762.77)	(310,350.24)
908	2,096.71	(5,061.70)	10,590.78	(4,151.28)	1,101.52	(7,541.02)	-	-	-	27,500.00	(27,500.00)	-	(2,964.99)
909	(183.15)	71,161.75	(57,598.17)	40,919.43	(57,089.64)	114,169.70	(43,436.66)	85,400.36	(151,292.67)	4,309.80	10,126.32	40,372.12	56,859.19
910	(35,101.38)	(22,722.60)	47,475.75	(24,525.75)	52,796.55	(6,283.29)	(47,427.26)	11,514.00	25,295.00	41,561.00	(43,393.00)	(38,717.00)	(39,527.98)
913	90,000.00	(90,000.00)	68,269.92	1,189.11	72,419.57	13,384.94	(144,270.76)	(6,900.75)	(2,740.65)	11,322.30	(12,673.65)	-	0.03
920	2,571.00	(2,571.00)	14,944.63	(7,403.30)	168,351.05	(162,460.76)	(6,514.02)	26,029.06	(6,171.20)	(26,775.46)	113,394.50	(113,394.50)	-
921	313,699.65	(138,396.89)	(155,746.45)	(197.21)	(49,991.72)	71,260.14	(31,345.71)	48,295.33	64,922.51	9,469.22	(31,688.80)	119,258.34	219,538.41
923	(426,556.57)	108,624.87	485,368.31	(16,270.32)	(112,133.31)	(113,515.00)	(81,480.73)	(33,925.26)	36,960.90	(93,477.59)	118,241.85	91,730.98	(36,431.87)
925	-	-	-	-	-	-	-	-	-	-	-	1,577.87	1,577.87
926	-	(1,305.00)	-	-	-	-	-	-	-	-	-	3,063.80	1,758.80
928	-	-	-	-	-	29,226.00	13,536.70	(42,762.70)	4,333.10	(4,333.10)	-	10,282.60	10,282.60
930.2	103,797.25	(102,761.76)	14,129.86	(20,405.00)	244,569.45	(240,018.05)	(6,664.80)	1,403.20	10,838.74	82,960.87	18,942.77	(109,747.67)	(2,955.14)
931	(16,699.05)	-	(24,456.50)	24,456.50	-	-	-	0.00	-	-	377,798.29	(377,798.29)	(16,699.05)
935	251.78	(0.00)	31,739.94	(4,800.00)	(4,772.45)	6,576.58	(8,730.73)	4,937.86	20,030.03	(6,207.25)	223.01	8,977.26	48,226.03
Total Other Excluded Non-Service Transactions	**$ (456,562.94)**	**$ (534,754.59)**	**$ 1,759,233.12**	**$ (881,708.57)**	**$ 213,250.25**	**$ (640,682.03)**	**$ 332,770.26**	**$ (745,086.72)**	**$ 27,723.93**	**$ 711,673.42**	**$ 1,716,695.19**	**$ (1,217,843.55)**	**$ 284,707.77**
Grand Total	**$ 47,053,991.04**	**$ 43,042,058.20**	**$ 45,804,367.41**	**$ 55,387,657.18**	**$ 42,729,710.33**	**$ 44,603,055.80**	**$ 42,970,929.65**	**$ 52,964,269.37**	**$ 47,769,581.61**	**$ 46,407,666.51**	**$ 50,156,860.06**	**$ 52,346,464.17**	**$ 571,236,611.33**

2021 VA ARAT
KU Recipient of Service (Payables)
Difference in FERC Account for LKS billings between KU/ODP's books and LKS' books
Order Granting Approval, Appendix Item 12c
CASE NO. PUR-2018-00049

12c) An annual schedule that reconciles any differences in the FERC account distribution of LKS billings as they are recorded on KU/ODP's books and LKS's books;

RESPONSE:
Differences in FERC account distributions of LKS billings[1]

Services FERC Account	**As recorded on KU/ODP's books**	**FERC Account**	**As recorded on LKS' books**
		408.1	742,499.12
		412	26,286,052.77
		925	97.96
		926	2,441,355.79
107	29,470,005.64	**Total**	**29,470,005.64**
		408.1	115,760.30
		412	1,899,734.60
		925	11.16
		926	369,966.22
108	2,385,472.28	**Total**	**2,385,472.28**
		408.1	72,322.77
		412	1,036,465.55
		925	(2.32)
		926	246,667.49
163	1,355,453.49	**Total**	**1,355,453.49**
165	10,869,215.92	412	10,869,215.92
182.3	10,896.25	412	10,896.25
		408.1	2,926.50
		412	168,517.87
		925	(37.29)
		926	9,865.36
183	181,272.44	**Total**	**181,272.44**
		408.1	680,364.80
		412	13,773,064.94
		925	47.53
		926	2,145,830.00
184	16,599,307.27	**Total**	**16,599,307.27**
		412	35,858.00
		926	21,770.00
186	57,628.00	**Total**	**57,628.00**
232	(6,054.06)	412	(6,054.06)
454	(472.49)	412	(472.49)
Total Differences in Services	**60,922,724.74**		**60,922,724.74**

[1] The report excludes convenience payments, of which the largest component is fuel, and other excluded non-service transactions. These are considered pass-through items for the service company whereby an intercompany receivable is recorded with a corresponding credit to cash, and for which no revenue or cost of sales is recorded on its books.

Reconciliation of KU 2021 Form 1 to VA ARAT VSCC-1 (Services Only View)

Non-Power Goods or Services Provided for Affiliate:	Form 1 Louisville Gas and Electric Company	Form 1 LG&E and KU Services Company (LKS)	PPL Electric Utilities Corporation	PPL EU Services Corporation	Total
Capital Expenditures	6,168,002.00	-	-	-	6,168,002.00
Direct-Indirect Labor	1,357,898.00	1,034,414.00	-	-	2,392,312.00
Equipment and Facilities	281,213.00	3,822.00	-	-	285,035.00
Materials and Fuels	2,410,777.00	61,138.00	-	-	2,471,915.00
Office and Administrative Services	35,420.00	42,329.00	-	-	77,749.00
Outside Services	159,435.00	20,993.00	-	-	180,428.00
Transmission	932,577.00	-	-	-	932,577.00
Total Filed on Form 1, Page 429	**$ 11,345,322.00**	**$ 1,162,696.00**	**$ -**	**$ -**	**$ 12,508,018.00**
Reconciling Items from Form 1 to VA ARAT (Services Only View):					
Contractor invoice paid by KU on behalf of LG&E, and subsequently billed by LG&E to PPL EU for mutual assistance. The original pass-through transaction was treated as a convenience payment for Form 1 reporting, but as a service for VA ARAT reporting.	2,667.64	-	-	-	2,667.64
Affiliate Amount Below Reporting Threshold	-	-	91,566.81	59,528.30	151,095.11
Total	**$ 11,347,989.64**	**$ 1,162,696.00**	**$ 91,566.81**	**$ 59,528.30**	**$ 12,661,780.75**
VA ARAT (VSCC-1) Services Only View	11,347,989.35	1,162,696.31	91,566.81	59,528.30	12,661,780.77
Difference (rounding)	0.29	(0.31)	-	-	(0.02)

Reconciliation of KU 2021 Form 1 and Form 60 to VA ARAT VSCC-2 (Services Only View)

	Form 1					
Non-Power Goods or Services Provided by Affiliate:	**Louisville Gas and Electric Company**	**LG&E and KU Services Company (LKS)**	**PPL Services Corporation**	**PPL Electric Utilities Corporation**	**PPL EU Services Corporation**	**Total**
Capital Expenditures	17,807,170.00	31,855,478.00	-	-	-	49,662,648.00
Direct-Indirect Labor	22,633,220.00	105,697,615.00	-	-	-	128,330,835.00
Equipment and Facilities	618,638.00	17,240,670.00	130,206.00	-	-	17,989,514.00
Materials and Fuels	463,304.00	1,256,662.00	-	-	-	1,719,966.00
Office and Administrative Services	61,153.00	4,615,312.00	6,449.00	-	-	4,682,914.00
Outside Services	814,945.00	15,552,659.00	2,936,083.00	-	-	19,303,687.00
Transmission	1,060,955.00	-	-	-	-	1,060,955.00
Total Filed on Form 1, Page 429	**$ 43,459,385.00**	**$ 176,218,396.00**	**$ 3,072,738.00**	**$ -**	**$ -**	**$ 222,750,519.00**
Reconciling Items from Form 1 to VA ARAT (Services Only View):						
Affiliate Amount Below Reporting Threshold	-	-	-	683.32	43,904.00	44,587.32
Total	**$ 43,459,385.00**	**$ 176,218,396.00**	**$ 3,072,738.00**	**$ 683.32**	**$ 43,904.00**	**$ 222,795,106.32**
VA ARAT (VSCC-2) Services Only View	43,459,384.79	176,218,396.08	3,072,737.72	683.32	43,904.00	222,795,105.91
Difference (rounding)	0.21	(0.08)	0.28	-	-	0.41
Reconciling Items to Form 60:						
Immaterial - Waive Review		(27.00)				
Total		**$ 176,218,369.00**				
Form 60, Page 307 Billings From LKS to KU		176,218,369.00				
Difference (rounding)		-				

THIS FILING IS		
Item 1:	An Initial (Original) Submission OR	Resubmission No.

FERC FINANCIAL REPORT
FERC FORM No. 60: Annual Report of Centralized Service Companies

This report is mandatory under the Public Utility Holding Company Act of 2005, Section 1270, Section 309 of the Federal Power Act and 18 C.F.R. § 366.23. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

Exact Legal Name of Respondent (Company) LG&E and KU Services Company	Year/Period of Report: End of: 2021/ Q4

FERC FORM NO. 60 (12-06)

GENERAL INSTRUCTIONS FOR FILING FERC FORM NO. 60

Purpose

Form No. 60 is an annual regulatory support requirement under 18 C.F.R. § 369.1 for centralized service companies. The report is designed to collect financial information from centralized service companies subject to the jurisdiction of the Federal Energy Regulatory Commission. The report is considered to be a non-confidential public use form.

Who Must Submit

Unless the holding company system is exempted or granted a waiver by Commission rule or order pursuant to 18 C.F.R. § 366.3 and § 366.4 of this chapter, every centralized service company (see § 367.2) in a holding company system must prepare and file electronically with the Commission the FERC Form No. 60 then in effect pursuant to the General Instructions set out in this form.

How to Submit

Submit FERC Form Nos. 2, 2-A and 3-Q electronically through the eCollection portal at https://eCollection.ferc.gov, and according to the specifications in the Form 60 taxonomy.

When to Submit

Submit FERC Form No. 60 according to the filing date contained 18 C.F.R. § 369.1 of the Commission's regulations.

Preparation

Prepare this report in conformity with the Uniform System of Accounts (18 C.F.R. § 367) (USofA). Interpret all accounting words and phrases in accordance with the USofA.

Time Period

This report covers the entire calendar year.

Whole Dollar Usage

Enter in whole numbers (dollars) only, except where otherwise noted. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's amounts.

Accurateness

Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

Applicability

For any page(s) that is not applicable to the respondent, enter "NONE," or "Not Applicable" in column (c) on the List of Schedules, page 2.

Date Format

Enter the month, day, and year for all dates. Use customary abbreviations. The "Resubmission Date" included in the header of each page is to be completed only for resubmissions (see III. above).

Number Format

Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by use of a minus sign.

Required Entries

Do not make references to reports of previous years or to other reports instead of required entries, except as specifically authorized.

Prior Year References

Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the report of the previous year, or an appropriate explanation given as to why the different figures were used.

Where to Send Comments on Public Reporting Burden

The public reporting burden for the Form No. 60 collection of information is estimated to average 75 hours per response, including

- the time for reviewing instructions, searching existing data sources,
- gathering and maintaining the data-needed, and
- completing and reviewing the collection of information.

Send comments regarding these burden estimates or any aspect of this collection of information, including suggestions for reducing burden, to:

Federal Energy Regulatory Commission, (Attention: Information Clearance Officer, CIO),
888 First Street NE,
Washington, DC 20426
or by email to DataClearance@ferc.gov

And to:

Office of Information and Regulatory Affairs,
Office of Management and Budget, Washington, DC 20503 (Attention: Desk Office for the Federal Energy Regulatory Commission).
Comments to OMB should be submitted by email to: oira_submission@omb.eop.gov

No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. 3512(a)).

DEFINITIONS

Respondent -- The person, corporation, or other legal entity in whose behalf the report is made.

FERC FORM NO. 60

FERC FORM NO. 60 REPORT OF CENTRALIZED SERVICE COMPANIES	
Identification	
01 Exact Legal Name of Respondent LG&E and KU Services Company	02 Year / Period of Report 2021/ Q4
03 Previous Name (if name changed during the year)	04 Date of Name Change
05 Address of Principal Office at End of Year (Street, City, State, Zip Code) 220 W Main Street, Louisville, Kentucky 40202	06 Name of Contact Person Vicki Romanko
07 Title of Contact Person Manager, KY Corporate Accounting and Consolidation	08 Address of Contact Person 220 W Main Street, Louisville, KY 40202
09 Telephone Number of Contact Person	10 E-mail Address of Contact Person

502-627-4966	Vicki.Romanko@lge-ku.com
11 This Report is An Original / A Resubmission (1) An Original (2) A Resubmission	12 Resubmission Date (Month, Day, Year) 04/29/2022
13 Date of Incorporation 06/02/2000	14 If Not Incorporated, Date of Organization
15 State or Sovereign Power Under Which Incorporated or Organized KY	
16 Name of Principal Holding Company Under Which Reporting Company is Organized: PPL Corporation	

CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

17 Name of Signing Officer Christopher M. Garrett	19 Signature of Signing Officer Christopher M. Garrett	20 Date Signed (Month, Day, Year) [(a)] 04/29/2022
18 Title of Signing Officer VP - Finance and Accounting		

FOOTNOTE DATA

(a) Concept: AttestationDate

The resubmission date represents the Date of Report. This report is not being resubmitted; however, this field is required to be used as the Date of Report due to a known XBRL taxonomy issue.

Name of Respondent:	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report:
LG&E and KU Services Company	(1) An Original (2) A Resubmission	04/29/2022	End of: 2021/ Q4

List of Schedules

1. Enter in Column (c) the terms “None” or “Not Applicable” as appropriate, where no information or amounts have been reported for certain pages.

FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule I - Comparative Balance Sheet

1. Give balance sheet of the Company as of December 31 of the current and prior year.

Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
1		**Service Company Property**			
2	101	Service Company Property	103	10,561,265	14,980,459
3	101.1	Property Under Capital Leases	103		0
4	106	Completed Construction Not Classified			0
5	107	Construction Work In Progress	103	269,075	[e](4,921)
6		Total Property (Total Of Lines 2-5)		10,830,340	14,975,538
7	108	Less: Accumulated Provision for Depreciation of Service Company Property	104	5,593,367	7,663,975
8	111	Less: Accumulated Provision for Amortization of Service Company Property			0
9		Net Service Company Property (Total of Lines 6-8)		5,236,973	7,311,563
10		**Investments**			
11	123	Investment In Associate Companies	105	[a]1,000,000	[f]3,300,000
12	124	Other Investments	105	0	0
13	128	Other Special Funds	105	[b]19,871,680	[g]11,258,054
14		Total Investments (Total of Lines 11-13)		20,871,680	14,558,054
15		**Current And Accrued Assets**			
16	131	Cash		3,000	0
17	134	Other Special Deposits			0
18	135	Working Funds			0
19	136	Temporary Cash Investments	105		0
20	141	Notes Receivable		1,094,160	524,180
21	142	Customer Accounts Receivable			0
22	143	Accounts Receivable		1,756,276	1,584,420
		Less: Accumulated Provision for Uncollectible			

23	144	Accounts			0
23.1	145	Notes Receivable From Associate Companies			0
24	146	Accounts Receivable From Associate Companies	106	[(c)]256,663,264	[(h)]232,230,331
25	152	Fuel Stock Expenses Undistributed	107	0	0
26	154	Materials And Supplies			0
27	163	Stores Expense Undistributed	108	0	0
28	165	Prepayments		62,360	62,360
29	171	Interest And Dividends Receivable			0
30	172	Rents Receivable			0
31	173	Accrued Revenues			0
32	174	Miscellaneous Current and Accrued Assets	109		0
33	175	Derivative Instrument Assets			0
34	176	Derivative Instrument Assets - Hedges			0
35		Total Current and Accrued Assets (Total of Lines 16-34)		259,579,060	234,401,291
36		**Deferred Debits**			
37	181	Unamortized Debt Expense			0
38	182.3	Other Regulatory Assets			0
39	183	Preliminary Survey And Investigation Charges			0
40	184	Clearing Accounts		82,191	(2)
41	185	Temporary Facilities			0
42	186	Miscellaneous Deferred Debits	110	60,675	1,016
43	188	Research, Development, or Demonstration Expenditures	111	0	0
44	189	Unamortized Loss on Reacquired Debt			0
45	190	Accumulated Deferred Income Taxes		66,934,376	72,836,485
46		Total Deferred Debits (Total of Lines 37-45)		67,077,242	72,837,499
47		TOTAL ASSETS AND OTHER DEBITS (TOTAL OF LINES 9, 14, 35 and 46)		352,764,955	329,108,407
48		**Proprietary Capital**			
49	201	Common Stock Issued	201	100	100
50	204	Preferred Stock Issued	201		0
51	211	Miscellaneous Paid-In-Capital	201	100,000,900	100,000,900
52	215	Appropriated Retained Earnings	201		0
53	216	Unappropriated Retained Earnings	201	(9,010,088)	(8,562,849)
54	219	Accumulated Other Comprehensive Income	201	(98,254,837)	(121,534,058)
55		Total Proprietary Capital (Total of Lines 49-54)		(7,263,925)	(30,095,907)
56		**Long-Term Debt**			
57	223	Advances From Associate Companies	202	0	0
58	224	Other Long-Term Debt	202	0	0
59	225	Unamortized Premium on Long-Term Debt			0
60	226	Less: Unamortized Discount on Long-Term Debt-Debit			0
61		Total Long-Term Debt (Total of Lines 57-60)		0	0
62		**Other Non-current Liabilities**			
63	227	Obligations Under Capital Leases-Non-current			0

64	228.2	Accumulated Provision for Injuries and Damages			0
65	228.3	Accumulated Provision For Pensions and Benefits		253,276,441	253,559,987
66	230	Asset Retirement Obligations			0
67		Total Other Non-current Liabilities (Total of Lines 63-66)		253,276,441	253,559,987
68		**Current and Accrued Liabilities**			
69	231	Notes Payable			0
70	232	Accounts Payable		44,534,951	47,362,340
71	233	Notes Payable to Associate Companies	203	0	0
72	234	Accounts Payable to Associate Companies	203	8,517,401	6,564,646
73	236	Taxes Accrued		8,170,725	8,594,141
74	237	Interest Accrued			0
75	241	Tax Collections Payable		547,168	436,381
76	242	Miscellaneous Current and Accrued Liabilities	203	27,480,275	25,966,375
77	243	Obligations Under Capital Leases - Current			0
78	244	Derivative Instrument Liabilities			0
79	245	Derivative Instrument Liabilities - Hedges			0
80		Total Current and Accrued Liabilities (Total of Lines 69-79)		89,250,520	88,923,883
81		**Deferred Credits**			
82	253	Other Deferred Credits		18,109,347	17,420,897
83	254	Other Regulatory Liabilities			0
84	255	Accumulated Deferred Investment Tax Credits			0
85	257	Unamortized Gain on Reacquired Debt			0
86	282	Accumulated deferred income taxes-Other property		[(d)](607,428)	[(i)](700,453)
87	283	Accumulated deferred income taxes-Other			0
88		Total Deferred Credits (Total of Lines 82-87)		17,501,919	16,720,444
89		TOTAL LIABILITIES AND PROPRIETARY CAPITAL (TOTAL OF LINES 55, 61, 67, 80, AND 88)		352,764,955	329,108,407

FERC FORM No. 60 (REVISED 12-07)

FOOTNOTE DATA

(a) Concept: InvestmentInAssociateCompanies

$1,000,000 is notes receivable from LKS' parent, LKE. This is recorded in investment in Associate Companies (123).

(b) Concept: OtherSpecialFunds

This amount represents the excess of the fair value of plan assets over the GAAP benefit obligations for the portion of the LKE post-retirement plan allocated to LKS. For more information, please see Note 4 on Schedule XIV - Notes to Financial Statements.

(c) Concept: AccountsReceivableFromAssociateCompanies

The balance includes $2,064 of accrued interest on a note receivable from LKS' parent, LKE. Interest income on this note is retained by LKS and not allocated to the companies it serves.

(d) Concept: AccumulatedDeferredIncomeTaxesOtherProperty

Debit balance is due to greater tax basis versus book basis related to fixed assets, as accumulated book depreciation exceeds accumulated tax depreciation.

(e) Concept: ConstructionWorkInProgress

Negative balance in account 107 is due to a timing difference to clear a credit balance for capitalized administrative and general costs.

(f) Concept: InvestmentInAssociateCompanies

$3,300,000 is notes receivable from LKS' parent, LKE. This is recorded in investment in Associate Companies (123).

(g) Concept: OtherSpecialFunds

This amount represents the excess of the fair value of plan assets over the GAAP benefit obligations for the portion of the LKE post-retirement plan allocated to LKS. For more information, please see Note 4 on Schedule XIV - Notes to Financial Statements.

(h) Concept: AccountsReceivableFromAssociateCompanies

The balance includes $45,572 of accrued interest on a note receivable from LKS' parent, LKE. Interest income on this note is retained by LKS and not allocated to the companies it serves [(i)](#) Concept: AccumulatedDeferredIncomeTaxesOtherProperty

Debit balance is due to greater tax basis versus book basis related to fixed assets, as accumulated book depreciation exceeds accumulated tax depreciation.

FERC FORM No. 60 (REVISED 12-07)

Page 101

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule II - Service Company Property

1. Provide an explanation of Other Changes recorded in Column (f) considered material in a footnote.
2. Describe each construction work in progress on lines 18 through 30 in Column (b).

Line No.	Account # (a)	Title of Account (b)	Balance at Beginning of Year (c)	Additions (d)	Retirements or Sales (e)	Other Changes (f)	Balance at End of Year (g)
1	301	Organization	0				0
2	303	Miscellaneous Intangible Plant	234,036		29,990		204,046
3	306	Leasehold Improvements	0				0
4	389	Land and Land Rights	0				0
5	390	Structures and Improvements	11,148,786	4,816	1,787,647		9,365,955
6	391	Office Furniture and Equipment	3,490,059	0	2,606,373		883,686
7	392	Transportation Equipment	0				0
8	393	Stores Equipment	0				0
9	394	Tools, Shop and Garage Equipment	0				0
10	395	Laboratory Equipment	0				0
11	396	Power Operated Equipment	0				0
12	397	Communications Equipment	107,578				107,578
13	398	Miscellaneous Equipment	0				0
14	399	Other Tangible Property	0				0
15	399.1	Asset Retirement Costs	0				0
16		Total Service Company Property (Total of Lines 1-15)	14,980,459	4,816	4,424,010	0	10,561,265
17	107	Construction Work in Progress:					
18		Structures, Improvements, Office Furniture/Equipment, and Other	(4,921)	278,811		[(a)](#)(4,815)	269,075
19			0				
31		Total Account 107 (Total of Lines 18-30)	[(b)](#)(4,921)	278,811		(4,815)	269,075
32		Total (Lines 16 and Line 31)	14,975,538	283,627		(4,815)	10,830,340

FERC FORM No. 60 (REVISED 12-07)

Page 103

FOOTNOTE DATA

[(a)](#) Concept: ConstructionWorkInProgressAdjustments

$4,815 was transferred from Construction Work in Progress to Service Company Property.

[(b)](#) Concept: ConstructionWorkInProgress

Negative balance in account 107 is due to a timing difference to clear a credit balance for capitalized administrative and general costs.

FERC FORM No. 60 (REVISED 12-07)

Page 103

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule III - Accumulated Provision for Depreciation and Amortization of Service Company Property

1. Provide an explanation of Other Charges in Column (f) considered material in a footnote.

Line No.	Account Number (a)	Description (b)	Balance at Beginning of Year (c)	Additions Charged To Account 403-403.1 404-405 (d)	Retirements (e)	Other Changes Additions (Deductions) (f)	Balance at Close of Year (g)
1	301	Organization	0				0
2	303	Miscellaneous Intangible Plant	162,161	32,697	29,990	0	164,868
3	306	Leasehold Improvements	0				0
4	389	Land and Land Rights	0				0
5	390	Structures and Improvements	4,746,347	1,338,565	1,787,647	[(a)]529,858	4,827,123
6	391	Office Furniture and Equipment	2,692,468	437,920	2,606,373	[(b)]157	524,172
7	392	Transportation Equipment	0				0
8	393	Stores Equipment	0				0
9	394	Tools, Shop and Garage Equipment	0				0
10	395	Laboratory Equipment	0				0
11	396	Power Operated Equipment	0				0
12	397	Communications Equipment	62,999	14,205	0	0	77,204
13	398	Miscellaneous Equipment	0				0
14	399	Other Tangible Property	0				0
15	399.1	Asset Retirement Costs	0				0
16		Total	7,663,975	1,823,387	4,424,010	530,015	5,593,367

FERC FORM No. 60 (NEW 12-05)

Page 104

FOOTNOTE DATA

(a) Concept: StructuresAndImprovementsAccumulatedProvisionForDepreciationAndAmortizationAdjustments

Loss on disposal of leasehold improvements.

(b) Concept: OfficeFurnitureAndEquipmentAccumulatedProvisionForDepreciationAndAmortizationAdjustments

Loss on disposal of company artwork.

FERC FORM No. 60 (NEW 12-05)

Page 104

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule IV - Investments

1. For Other Investments (Account 124) and Other Special Funds (Account 128), state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount.
2. For Temporary Cash Investments (Account 136), list each investment separately .
3. Investments less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	123	Investment In Associate Companies	[(a)]3,300,000	[(b)]1,000,000
2	124	Other Investments	0	0
3	128	Other Special Funds	[(c)]11,258,054	[(d)]19,871,680
4	136	Temporary Cash Investments	0	
5		(Total of Line 1-4)	14,558,054	20,871,680

FERC FORM No. 60 (REVISED 12-07)

Page 105

FOOTNOTE DATA

(a) Concept: InvestmentInAssociateCompanies

$3,300,000 is notes receivable from LKS' parent, LKE. This is recorded in investment in Associate Companies (123).

(b) Concept: InvestmentInAssociateCompanies

$1,000,000 is notes receivable from LKS' parent, LKE. This is recorded in investment in Associate Companies (123).

(c) Concept: OtherSpecialFunds

This amount represents the excess of the fair value of plan assets over the GAAP benefit obligations for the portion of the LKE post-retirement plan allocated to LKS. For more information, please see Note 4 on Schedule XIV - Notes to Financial Statements.

(d) Concept: OtherSpecialFunds

This amount represents the excess of the fair value of plan assets over the GAAP benefit obligations for the portion of the LKE post-retirement plan allocated to LKS. For more information, please see Note 4 on Schedule XIV - Notes to Financial Statements.

FERC FORM No. 60 (REVISED 12-07)

Page 105

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule IV - Investments - Other Investments

1. For Other Investments (Account 124) and Other Special Funds (Account 128), state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount.
2. For Temporary Cash Investments (Account 136), list each investment separately .
3. Investments less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Investment Description (a)	Name of Issuing Company (b)	Number of Shares Held (c)	Principal Investment Amount (d)
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FERC FORM No. 60 (REVISED 12-07)

Page 105.1

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule IV - Investments - Other Special Funds

1. For Other Investments (Account 124) and Other Special Funds (Account 128), state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount.
2. For Temporary Cash Investments (Account 136), list each investment separately .
3. Investments less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Investment Description (a)	Name of Issuing Company (b)	Number of Shares Held (c)	Principal Investment Amount

				(d)
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Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule IV - Investments - Temporary Cash Investments

1. For Other Investments (Account 124) and Other Special Funds (Account 128), state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount.
2. For Temporary Cash Investments (Account 136), list each investment separately .
3. Investments less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Investment Description (a)	Balance at Close of Year (b)
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FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule V - Accounts Receivable from Associate Companies

1. List the accounts receivable from each associate company.
2. If the service company has provided accommodation or convenience payments for associate companies, provide in a separate footnote a listing of total payments for each associate company.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)	Total Accommodation or Convenience Payments (e)
1	146	**Accounts Receivable From Associate Companies**			
2		**Associate Company:**			
3		PPL Electric Utilities Corporation	0		5,780
4		PPL Strategic Development, LLC	731	1,880	
5		PPL EU Services Corporation	71,845	106,377	40,610
6		LG&E and KU Capital LLC	176,889,225	193,142,579	293,284
7		FCD LLC	2,552	182	2,210
8		Kentucky Utilities Company	27,082,881	32,454,856	394,733,507
9		Louisville Gas and Electric Company	28,136,341	30,915,995	394,900,199
10		Western Kentucky Energy Corp.	1,184	392	5,169
11		LG&E and KU Energy LLC	0	2,657	32,169
12		LG&E and KU Energy LLC - Note Receivable	45,572	2,064	
13		PPL Rhode Island Holdings, LLC	0	36,282	
14		PPL Corporation		0	[b](196,421)
15		PPL Distributed Energy Resources LLC		0	5,780
16		PPL Power Insurance LTD		0	569,050
17		PPL Services Corporation		0	5,049,147
18		PPL Translink Inc		0	333
19				0	
20		[a] Analysis of convenience or accomodation payments - see footnote	0		
40	Total		[c]232,230,331	[d]256,663,264	

FERC FORM No. 60 (REVISED 12-07)

FOOTNOTE DATA

(a) Concept: AssociateCompanyName

Analysis of Convenience or Accommodation Payments:

Convenience Payments Resulted Primarily from the Following:	**Amount**
Capital Expenditures	48,819,118
Charitable/Community Contributions	23,715

Equipment/Facilities	23,206,375
Fringe Benefits/Overheads	71,009,845
Materials/Fuels	581,230,304
Office and Administrative Services	35,518,086
Outside Services	35,633,374
Total	**795,440,817**

(b) Concept: PaymentsFromAssociateCompanies

Credit driven by refund of mutual insurance premiums paid in 2020.

(c) Concept: AccountsReceivableFromAssociateCompanies

The balance includes $45,572 of accrued interest on a note receivable from LKS' parent, LKE. Interest income on this note is retained by LKS and not allocated to the companies it serves

(d) Concept: AccountsReceivableFromAssociateCompanies

The balance includes $2,064 of accrued interest on a note receivable from LKS' parent, LKE. Interest income on this note is retained by LKS and not allocated to the companies it serves.

FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule VI - Fuel Stock Expenses Undistributed

1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company.
2. In a separate footnote, describe in a narrative the fuel functions performed by the service company.

Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	152	**Fuel Stock Expenses Undistributed**			
2		**Associate Company:**			
3				[(a)] 0	0
40	Total		0	0	0

FERC FORM No. 60 (REVISED 12-07)

FOOTNOTE DATA

(a) Concept: FuelStockExpensesUndistributedExpenses

Fuel functions provided are primarily accounted for as convenience payments for fuel contract settlements or services provided by LKS as an administrative agent, paying agent or other representative capacity, for the respective affiliate(s). The following fuel related services are provided by LKS and charged to the respective FERC accounts of the affiliates:

- Procurement of fuel, scrubber reagent, ammonia, and SO3 mitigation chemicals
- Transportation service to move these commodities from the loading point to the power plant
- Monitoring of quality, inventory level, and forecasted requirements
- Making purchases as needed on a timely basis
- Preparing bid solicitation for coal, and other commodities, as necessary, and evaluating those bids
- Negotiating and writing the contracts and purchase orders
- Contract Administration

FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule VII - Stores Expense Undistributed

1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to stores expense during the year and indicate amount attributable to each associate company.

Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	163	**Stores Expense Undistributed**			
2		**Associate Company:**			
3					0
40	**Total**		0	0	0

FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule VIII - Miscellaneous Current and Accrued Assets

1. Provide detail of items in this account. Items less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	174	**Miscellaneous Current and Accrued Assets**		
2		**Item List:**		
3			0	
4			0	
40	Total		0	

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule IX - Miscellaneous Deferred Debits

1. Provide detail of items in this account. Items less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	186	**Miscellaneous Deferred Debits**		
2		**Item List:**		
3		Year-end true-up of pension plan settlement charge	1,016	0
4		Preliminary cell site costs	0	60,675
5			0	
40	Total		1,016	60,675

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule X - Research, Development, or Demonstration Expenditures

1. Describe each material research, development, or demonstration project that incurred costs by the service company during the year. Items less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Amount (c)
1	188	**Research, Development, or Demonstration Expenditures**	
2		**Project List:**	
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41			
40	Total		0

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule XI - Proprietary Capital

1. For Miscellaneous Paid-In Capital (Account 211) and Appropriated Retained Earnings (Account 215), classify amounts in each account, with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts.
2. For Unappropriated Retained Earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing non-associates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid.

Line No.	Account Number (a)	Title of Account (b)	Description (c)	Amount (d)
1	201	Common Stock Issued	Number of Shares Authorized	1,000
2			Par or Stated Value per Share	

3			Outstanding Number of Shares	100
4			Close of Period Amount	100
5	204	Preferred Stock Issued	Number of Shares Authorized	
6			Par or Stated Value per Share	
7			Outstanding Number of Shares	
8			Close of Period Amount	
9	211	Miscellaneous Paid-In Capital		100,000,900
10	215	Appropriated Retained Earnings		
11	219	Accumulated Other Comprehensive Income		(98,254,837)
12	216	Unappropriated Retained Earnings	Balance at Beginning of Year	(8,562,849)
13			Net Income or (Loss)	(447,239)
14			Dividend Paid	
15			Balance at Close of Year	(9,010,088)

Line No.	Dividends paid during the year				
	Dividend Paid Description (a)	Dividend Rate (b)	Dividend Paid Amount (c)	Dividend Declared Date (d)	Dividend Paid Date (e)
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FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule XII - Long-Term Debt

1. For Advances from Associate Companies (Account 223), describe in a footnote the advances on notes and advances on open accounts. Names of associate companies from which advances were received shall be shown under the class and series of obligation in Column (d).
2. For the deductions in Column (i), give an explanation in a footnote.
3. For Other Long-Term Debt (Account 224), list the name of the creditor company or organization in Column (b).

Line No.	Account Number (a)	Title of Account (b)	Term of Obligation (c)	Class & Series of Obligation (d)	Date of Maturity (e)	Interest Rate (f)	Amount Authorized (g)	Balance at Beginning of Year (h)	Additions Deductions (i)	Balance at Close of Year (j)
1	223	**Advances from Associate Companies**								
2		**Associate Company:**								
3								0		
13		Total						0	0	0
14	224	**Other Long Term Debt**								
15		**List Creditor:**								
16								0		
28		Total						0	0	0

FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule XIII - Current and Accrued Liabilities

1. Provide the balance of notes and accounts payable to each associate company (Accounts 233 and 234).
2. Give description and amount of Miscellaneous Current and Accrued Liabilities (Account 242). Items less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	233	**Notes Payable to Associate Companies**		
2		**Associate Company:**		
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21				
23		Subtotal (Total of Lines 3-22)	0	0
24	234	**Accounts Payable to Associate Companies**		
25		**Associate Company:**		
26		PPL Corporation (234)	1,820,182	1,611,821
27		PPL Services Corporation (234)	4,060,021	6,904,186
28		LG&E and KU Energy LLC (234)	684,443	0
29		PPL Electric Utilities Corporation (234)		1,394
40		Subtotal (Total of Lines 26-39)	6,564,646	8,517,401
41	242	**Miscellaneous Current and Accrued Liabilities**		
42		**Items List:**		
43		Miscellaneous Liability - Employee Life Insurance (242)		25,000
44		Miscellaneous Liability - Vested Vacation (242)	12,882,924	12,327,527
45		Accrued Short Term Incentive (242)	2,250,849	3,388,863
46		Pension Payable SERP Current (242)	5,500,734	5,692,542
47		Retirement Income Liability (242)	3,429,904	3,732,320
48		Incurred But Not Paid (IBNP) Medical and Dental Reserve (242)	1,901,964	2,314,023
49		Subtotal (Total of Lines 43-48)	25,966,375	27,480,275
50		TOTAL (LINES 23, 40, AND 49)	32,531,021	35,997,676

FERC FORM No. 60 (REVISED 12-07)

Name of Respondent:	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report:
LG&E and KU Services Company	(1) An Original (2) A Resubmission	04/29/2022	End of: 2021/ Q4

Schedule XIV - Notes to Financial Statements

1. Use the space below for important notes regarding the financial statements or any account thereof.
2. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year.
3. Furnish particulars as to any significant increase in services rendered or expenses incurred during the year.
4. Furnish particulars as to any amounts recorded in Extraordinary Income (Account 434) or Extraordinary Deductions (Account 435).
5. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.
6. Describe the annual statement supplied to each associate company in support of the amount of interest on borrowed capital and compensation for use of capital billed during the calendar year. State the basis for billing of interest to each associate company. If a ratio, describe in detail how ratio is computed. If more than one ratio, explain the calculation. Report the amount of interest borrowed and/or compensation for use of capital billed to each associate company.

Note 1 – Organization of LG&E and KU Services Company

LG&E and KU Services Company ("LKS" or the "Company"), a Kentucky corporation, is a wholly-owned subsidiary of LG&E and KU Energy LLC ("LKE") and a centralized service company under the Public Utility Holding Company Act of 2005 ("PUHCA 2005"). LKE, in turn, is a wholly-owned subsidiary of PPL Corporation ("PPL") and LKS became an indirect, wholly-owned subsidiary of PPL when PPL acquired all the limited liability company interests of LKE from E.ON US Investments Corp. on November 1, 2010. On December 1, 2010, PPL and certain subsidiaries, including LKE, filed a notification of holding company status with the Federal Energy Regulatory Commission ("FERC") under PUHCA 2005.

LKS provides certain services to affiliated entities, including LKE, LG&E and KU Capital LLC ("LKC"), Louisville Gas and Electric Company ("LG&E"), Kentucky Utilities Company ("KU"), Western Kentucky Energy Corp., FCD LLC, PPL Services Corporation, PPL Strategic Development, LLC, PPL EU Services Corporation, PPL Energy Holding, LLC, and PPL Rhode Island Holdings, LLC, at cost. LKS is organized along functional lines to accomplish its purpose of providing management, administrative, and technical services.

Note 2 - Summary of Significant Accounting Policies

LKS follows the FERC Uniform System of Accounts for Centralized Service Companies Subject to the Provisions of PUHCA 2005. The accompanying financial statements were prepared in accordance with the accounting requirements set forth in the Uniform System of Accounts and published accounting releases of the FERC, which is a comprehensive basis of accounting other than GAAP.

General. Dollars within these footnotes are in millions, unless otherwise noted.

Presentation

The accompanying financial statements are prepared on the regulatory basis of accounting in accordance with the requirements of the FERC, which is a comprehensive basis of accounting other than GAAP. The significant differences between GAAP and FERC reporting are as follows:

Reporting Classifications	FERC reporting	GAAP reporting
Deferred taxes	Reported gross on the Balance Sheet (a deferred asset and a deferred liability are recorded).	Reported as a net asset or net liability.
Income taxes	Income taxes, deferred taxes and investment tax credits are reported on separate lines on the Income Statement.	Income taxes, deferred taxes and investment tax credits are netted on a single line on the Income Statement.
Pension and OPEB non-service costs eligible for capitalization	Reported in PP&E.	Reported as a regulatory asset or regulatory liability.
Amounts presented within the Balance Sheet, Income Statement and Statement of Retained Earnings.	Reported without purchase accounting adjustments.	Reported with purchase accounting adjustments.

Property. Property, plant and equipment includes property that is in use and under construction, and is reported at cost. PP&E was not recorded at fair value as of the PPL acquisition for FERC-reporting purposes.

Depreciation and Amortization. Depreciation is computed on a straight-line basis. Office furniture is depreciated over 30 years and personal computers are depreciated over 5 years. Leasehold improvements are depreciated over the life of the lease.

Income Taxes. Significant management judgment is required in developing the Company's provision for income taxes, primarily due to the uncertainty related to tax positions taken or expected to be taken in tax returns and valuation allowances on deferred tax assets.

The Company uses a two-step process to evaluate tax positions. The first step requires an entity to determine whether, based on the technical merits supporting a particular tax position, it is more likely than not (greater than a 50% chance) that the tax position will be sustained. This determination assumes that the relevant taxing authority will examine the tax position and is aware of all the relevant facts surrounding the tax position. The second step requires an entity to recognize in the financial statements the benefit of a tax position that meets the more-likely-than-not recognition criterion. The benefit recognized is measured at the largest amount of benefit that has a likelihood of realization, upon settlement, that exceeds 50%. Unrecognized tax benefits are classified as current to the extent management expects to settle an 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 Company in future periods. At December 31, 2021, no significant changes in unrecognized tax benefits are projected over the next 12 months.

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

The Company records 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 Company determines 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 Company determines 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.

See Note 5 for additional discussion regarding income taxes.

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

Note 3 - Related Party Transactions

Provisions of Services

LKS engages in transactions in the normal course of business with other LKE subsidiaries and PPL subsidiaries. These transactions are primarily composed of services received and/or rendered including contracting with third party vendors for goods and services. These services are priced at cost which represents market.

LKS provides the subsidiaries of LKE and PPL with a variety of centralized administrative, management and support services. Charges for these services include labor, overheads and other expenses of LKS employees performing services for the subsidiaries of LKE and PPL and vouchers paid by LKS on behalf of the subsidiaries of LKE and PPL. The cost of these services is directly charged or, for general costs which cannot by directly attributed, charged based on predetermined allocation factors, including the ratios discussed in Methods of Allocations on pages 402.1 – 402.5.

Intercompany billings from LKS are listed on page 307, Analysis of Billing – Associate Companies (Account 457).

Intercompany billings are settled monthly; accordingly, there is no interest or other compensation charged for the use of capital.

Note 4 - Pension and Other Postretirement Benefit Plans

Although LKS does not directly sponsor any defined benefit plans, it is allocated a portion of the funded status and costs of plans sponsored by LKE based on its participation in those plans, which management believes are reasonable. The defined benefit pension plan of LKE and its subsidiaries was closed to new employees hired after December 31, 2005. Employees hired after December 31, 2005 receive additional company contributions above the standard matching contributions to their savings plans.

The majority of LKS employees are eligible for certain health care and life insurance benefits upon retirement through a contributory plan. Postretirement health benefits may be paid from a 401(h) account established as part of the LKE Pension plan within the PPL Services Corporation Master Trust, funded VEBA trusts, and company funds.

LKS allocates its pension and other postretirement costs to affiliates. LKS's allocated pension benefit costs charged to expense or regulatory assets, excluding amounts charged to construction and other non-expense accounts, for pension benefits were $18 million and $20 million in 2021 and 2020.

Net periodic defined benefits costs charged to expense, excluding amounts charged to construction and other non-expense accounts, for other postretirement benefits were ($1) million in 2021 and 2020.

The actuarially determined obligations of current active employees and retired employees of LKS are used as a basis to allocate total plan activity, including active and retiree costs and obligations. LKS's allocated share of the funded status of the pension plans resulted in a liability of $257 million and $258 million at December 31, 2021 and 2020. LKS's allocated share of other postretirement benefits resulted in a $20 million and $11 million noncurrent asset in 2021 and in 2020.

Plan Assets - Pension Plans

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

The investment policy of the Master Trust outlines investment objectives and defines the responsibilities of the Employee Benefit Plan Board (EBPB), external investment managers, investment advisor, 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 on the following page.

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

	Percentage of	Target Asset

	Trust Assets	Allocation (a)
	2021	2021
Growth Portfolio	**55 %**	**55 %**
Equity securities	32 %	
Debt securities (a)	13 %	
Alternative investments	10 %	
Immunizing Portfolio	**43 %**	**43 %**
Debt securities (a)	35 %	
Derivatives	8 %	
Liquidity Portfolio	**2 %**	**2 %**
Total	100 %	**100 %**

	Percentage of Trust Assets
	2020
Growth Portfolio	**56 %**
Equity securities	34 %
Debt securities (b)	13 %
Alternative investments	9 %
Immunizing Portfolio	**43 %**
Debt securities (b)	33 %
Derivatives	10 %
Liquidity Portfolio	**1 %**
Total	100 %

(a) Includes commingled debt funds, which the Company treats as debt securities for asset allocation purposes.

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

December 31, 2021

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	$ 266	$ 266	$ —	$ —
Equity securities:				
U.S. Equity	41	41	—	—
U.S. Equity fund measured at NAV (a)	754	—	—	—
International equity fund at NAV (a)	511	—	—	—
Commingled debt measured at NAV (a)	677	—	—	—
Debt securities:		—	—	—
U.S. Treasury and U.S. government sponsored agency	281	280	1	—
Corporate	1,039	—	1,019	20
Other	14	—	14	—
Alternative investments:		—	—	—
Real estate measured at NAV (a)	69	—	—	—
Private equity measured at NAV (a)	94	—	—	—
Hedge funds measured at NAV (a)	236	—	—	—
Limited Partnerships measured at NAV (a)	—	—	—	—
Derivatives	35	—	35	—
PPL Services Corporation Master Trust assets, at fair value	$ 4,017	$ 587	$ 1,069	$ 20
Receivables and payables, net (b)	25			
401(h) account restricted for other postretirement benefit obligations	$ (155)			
Total PPL Services Corporation Master Trust pension assets	$ 3,887			

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

December 31, 2020

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	$ 300	$ 300	$ —	$ —
Equity securities:				
U.S. Equity	60	60	—	—
U.S. Equity fund measured at NAV (a)	742	—	—	—
International equity fund at NAV (a)	566	—	—	—
Commingled debt measured at NAV (a)	712	—	—	—
Debt securities:				
U.S. Treasury and U.S. government sponsored agency	336	335	1	—
Corporate	1,045	—	1,030	15
Other	13	—	13	—
Alternative investments:				
Real estate measured at NAV (a)	76	—	—	—
Private equity measured at NAV (a)	68	—	—	—
Hedge funds measured at NAV (a)	223	—	—	—
Limited Partnerships measured at NAV (a)	6	—	—	—
Derivatives	(37)	—	(37)	—
PPL Services Corporation Master Trust assets, at fair value	$ 4,110	$ 695	$ 1,007	$ 15
Receivables and payables, net (b)	116			
401(h) account restricted for other postretirement benefit obligations	(158)			
Total PPL Services Corporation Master Trust pension assets	$ 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 represent 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
Actual return on plan assets			
Relating to assets still held at the reporting date			
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. The Master Trust has 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

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

Expected Cash Flows - Defined Benefit Plans

While the LKS defined benefit pension plan has the option to utilize available prior year credit balances to meet current and future contribution requirements, LKS made contributions to the defined benefit plan of $17 million in January 2020. Additionally, LKS accelerated its planned January 2021 contribution of $17 million to December 2020. No contributions were made in 2021. No contributions are expected to be made in 2022.

LKE sponsors various non-qualified supplemental pension plans for which no assets are segregated from corporate assets. LKS contributions to offset Supplemental Executive Retirement Plan ("SERP") payments totaled $5 million in 2021 and 2020. LKS expects to make $6 million of benefit payments under these plans in 2022.

LKS is not required to make contributions to its other postretirement benefit plan but has historically funded this plan in amounts equal to the postretirement benefit costs recognized. LKS funded this plan $3 million and $2 million in 2021 and 2020. Continuation of this past practice would cause LKS to contribute a projected $2 million to its other postretirement benefit plan in 2022.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid by LKE Plans for LKS retirees.

	Pensions	Postretirement
2022	$ 44	$ 3
2023	46	3
2024	46	3
2025	47	4
2026	45	4
2027-2031	217	19

Savings Plans

Substantially all of LKS's employees are eligible to participate in a deferred savings plan (401(k)). Employer contributions to the plan totaled $9 million and $8 million in 2022 and 2021.

Note 5 - Income Taxes

LKS's federal income tax return is included in a United States consolidated income tax return filed by LKS's parent, PPL. Each subsidiary of the consolidated tax group calculates its separate income tax for each period. The resulting separate-return tax cost or benefit is paid to or received from the parent company or its designee. The Company also files income tax returns in various state jurisdictions. The tax years for 2017 and prior for Federal and 2014 and prior for State are no longer subject to examination.

Components of income tax expense are shown in the table below for the year ended December 31:

	2021	2020
Income Tax Expense (Benefit)		
Current – Federal	$ 3	$ 1
Current – State	(1)	1
Deferred – Federal	(3)	(1)
Deferred – State	1	(1)
Total income tax expense (benefit)	$ —	$ —

	2021	2020
Reconciliation of Income Tax Expense (Benefit)		
Increases (decreases) due to:		
Other	—	—
Total income tax expense (benefit)	$—	$—

Deferred tax assets and liabilities are summarized below as of December 31:

	2021	2020
Deferred tax assets:		
Pensions and similar obligations	$58	$60
Liabilities and other	10	14
Total Deferred tax assets	$68	$74

Note 6 - Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income consisted of the following:

	Funded Status of Pension and Postretirement Plans		
(in millions)	Pretax	Tax	Net
Balance at December 31, 2019	($176)	45	($131)
Change in funded status of pension and postretirement plans	12	(3)	9
Balance at December 31, 2020	($164)	$42	($122)
Change in funded status of pension and postretirement plans	31	(7)	24
Balance at December 31, 2021	($133)	$35	($98)

Organization Chart

The following were officers of LKS as of December 31, 2021:

John R. Crockett III–President
Lonnie E. Bellar-Chief Operating Officer
Steven B. Turner-Vice President, Power Generation
Thomas A. Jessee-Vice President, Gas Operations
Elizabeth J. McFarland-Vice President, Transmission
Eileen L. Saunders-Vice President, Customer Services
David S. Sinclair-Vice President, Energy Supply and Analysis
Ronald Scott Straight-Vice President, Project Engineering
John K. Wolfe-Vice President, Electric Distribution

Kent W. Blake-Chief Financial Officer
Daniel K. Arbough-Treasurer
Robert M. Conroy-Vice President, State Regulation and Rates
Christopher M. Garrett-Controller

David J. Freibert-Vice President, External Affairs

Gregory J. Meiman-Vice President, Human Resources

Mary C. Whelan-Vice President, Communications and Corporate Responsibility
Angie McDonald Evans-Vice President, Corporate Responsibility and Community Affairs

John P. Fendig-Corporate Secretary
Deborah C. Gregor-Assistant Corporate Secretary
Eric Slavinsky-Chief Information Officer

Paul W. Thompson, President and Chief Executive Officer, announced his retirement, effective January 1, 2022.

John R. Crockett III, General Counsel, Chief Compliance Officer and Corporate Secretary, was named President, effective January 1, 2022.

Name of Respondent:	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report:

LG&E and KU Services Company	(1) An Original (2) A Resubmission	04/29/2022	End of: 2021/ Q4

Schedule XV - Comparative Income Statement

Line No.	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)
1		SERVICE COMPANY OPERATING REVENUES		
2	400	Service Company Operating Revenues	357,402,627	354,897,536
3		SERVICE COMPANY OPERATING EXPENSES		
4	401	Operation Expenses	221,447,150	218,454,349
5	402	Maintenance Expenses	11,173,406	9,095,205
6	403	Depreciation Expenses	1,823,387	2,051,618
7	403.1	Depreciation Expense for Asset Retirement Costs		
8	404	Amortization of Limited-Term Property		
9	405	Amortization of Other Property		
10	407.3	Regulatory Debits		
11	407.4	Regulatory Credits		
12	408.1	Taxes Other Than Income Taxes, Operating Income	12,804,415	12,024,371
13	409.1	Income Taxes, Operating Income	3,405,510	2,034,871
14	410.1	Provision for Deferred Income Taxes, Operating Income	10,390,428	5,105,650
15	411.1	Provision for Deferred Income Taxes - Credit , Operating Income	(12,134,356)	(6,931,272)
16	411.4	Investment Tax Credit, Service Company Property		
17	411.6	Gains from Disposition of Service Company Plant	0	
18	411.7	Losses from Disposition of Service Company Plant	0	
19	411.10	Accretion Expense	0	
20	412	Costs and Expenses of Construction or Other Services	105,327,258	111,153,213
21	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work	15,115	23,359
22		TOTAL SERVICE COMPANY OPERATING EXPENSES (Total of Lines 4-21)	354,252,313	353,011,364
23		NET SERVICE COMPANY OPERATING INCOME (Total of Lines 2 less 22)	3,150,314	1,886,172
24		OTHER INCOME		
25	418.1	Equity in Earnings of Subsidiary Companies	0	
26	419	Interest and Dividend Income	13,329	397,789
27	419.1	Allowance for Other Funds Used During Construction	0	
28	421	Miscellaneous Income or Loss	0	
29	421.1	Gain on Disposition of Property	0	
30		TOTAL OTHER INCOME (Total of Lines 25-29)	13,329	397,789
31		OTHER INCOME DEDUCTIONS		
32	421.2	Loss on Disposition of Property	530,015	
33	425	Miscellaneous Amortization	0	
34	426.1	Donations	0	
35	426.2	Life Insurance	0	
36	426.3	Penalties	0	
37	426.4	Expenditures for Certain Civic, Political and Related Activities	1,273,972	1,207,802
38	426.5	Other Deductions	3,007,908	887,620

39		TOTAL OTHER INCOME DEDUCTIONS (Total of Lines 32-38)	4,811,895	2,095,422
40		TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS		
41	408.2	Taxes Other Than Income Taxes, Other Income and Deductions		
42	409.2	Income Taxes, Other Income and Deductions	(1,201,013)	(429,388)
43	410.2	Provision for Deferred Income Taxes, Other Income and Deductions		
44	411.2	Provision for Deferred Income Taxes - Credit, Other Income and Deductions		
45	411.5	Investment Tax Credit, Other Income Deductions		
46		TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS (Total of Lines 41-45)	(1,201,013)	(429,388)
47		INTEREST CHARGES		
48	427	Interest on Long-Term Debt	0	
49	428	Amortization of Debt Discount and Expense	0	
50	429	(less) Amortization of Premium on Debt- Credit	0	
51	430	Interest on Debt to Associate Companies	0	
52	431	Other Interest Expense	0	
53	432	(less) Allowance for Borrowed Funds Used During Construction-Credit	0	
54		TOTAL INTEREST CHARGES (Total of Lines 48-53)	0	0
55		NET INCOME BEFORE EXTRAORDINARY ITEMS (Total of Lines 23, 30, minus 39, 46, and 54)	(447,239)	617,927
56		EXTRAORDINARY ITEMS		
57	434	Extraordinary Income		
58	435	(less) Extraordinary Deductions		
59		Net Extraordinary Items (Line 57 less Line 58)	0	0
60	409.4	(less) Income Taxes, Extraordinary		
61		Extraordinary Items After Taxes (Line 59 less Line 60)	0	0
62		NET INCOME OR LOSS/COST OF SERVICE (Total of Lines 55 and 61)	(447,239)	617,927

FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule XVI - Analysis of Charges for Service - Associate and Nonassociate Companies

1. Total cost of service will equal for associate and non-associate companies the total amount billed under their separate analysis of billing schedules.

Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
1	403-403.1	Depreciation Expense	0	1,823,387	1,823,387			0	0	1,823,387	1,823,387
2	404-405	Amortization Expense	0	0	0			0	0	0	0
3	407.3-407.4	Regulatory Debits/Credits - Net	0	0	0			0	0	0	0

4	408.1-408.2	Taxes Other Than Income Taxes	641,445	12,162,970	12,804,415			0	641,445	12,162,970	12,804,415
5	409.1-409.3	Income Taxes	0	0	0			0	0	0	0
6	410.1-410.2	Provision for Deferred Taxes	0	0	0			0	0	0	0
7	411.1-411.2	Provision for Deferred Taxes - Credit	0	0	0			0	0	0	0
8	411.6	Gain from Disposition of Service Company Plant	0	0	0			0	0	0	0
9	411.7	Losses from Disposition of Service Company Plant	0	0	0			0	0	0	0
10	411.4-411.5	Investment Tax Credit Adjustment	0	0	0			0	0	0	0
11	411.10	Accretion Expense	0	0	0			0	0	0	0
12	412	Costs and Expenses of Construction or Other Services	60,288,112	45,039,146	105,327,258			0	60,288,112	45,039,146	105,327,258
13	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies	15,115	0	15,115			0	15,115	0	15,115
14	418	Non-operating Rental Income	0	0	0			0	0	0	0
15	418.1	Equity in Earnings of Subsidiary Companies	0	0	0			0	0	0	0
16	419	Interest and Dividend Income	13,329	0	13,329			0	13,329	0	13,329
17	419.1	Allowance for Other Funds Used During Construction	0	0	0			0	0	0	0
18	421	Miscellaneous Income or Loss	0	0	0			0	0	0	0
19	421.1	Gain on Disposition of Property	0	0	0			0	0	0	0
20	421.2	Loss on Disposition Of Property	530,015	0	530,015			0	530,015	0	530,015
21	425	Miscellaneous Amortization	0	0	0			0	0	0	0
22	426.1	Donations	0	0	0			0	0	0	0
23	426.2	Life Insurance	0	0	0			0	0	0	0
24	426.3	Penalties	0	0	0			0	0	0	0
25	426.4	Expenditures for Certain Civic, Political and Related Activities	49,500	1,224,472	1,273,972			0	49,500	1,224,472	1,273,972
26	426.5	Other Deductions	2,188,745	819,163	3,007,908			0	2,188,745	819,163	3,007,908

27	427	Interest On Long-Term Debt	0	0	0			0	0	0	0
28	428	Amortization of Debt Discount and Expense	0	0	0			0	0	0	0
29	429	Amortization of Premium on Debt - Credit	0	0	0			0	0	0	0
30	430	Interest on Debt to Associate Companies	0	0	0			0	0	0	0
31	431	Other Interest Expense	0	0	0			0	0	0	0
32	432	Allowance for Borrowed Funds Used During Construction	0	0	0			0	0	0	0
33	500-509	Total Steam Power Generation Operation Expenses	2,298,095	11,125,948	13,424,043			0	2,298,095	11,125,948	13,424,043
34	510-515	Total Steam Power Generation Maintenance Expenses	1,773,757	4,257,069	6,030,826			0	1,773,757	4,257,069	6,030,826
35	517-525	Total Nuclear Power Generation Operation Expenses	0	0	0			0	0	0	0
36	528-532	Total Nuclear Power Generation Maintenance Expenses	0	0	0			0	0	0	0
37	535-540.1	Total Hydraulic Power Generation Operation Expenses	42,828	0	42,828			0	42,828	0	42,828
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses	4,554	0	4,554			0	4,554	0	4,554
39	546-550.1	Total Other Power Generation Operation Expenses	259,357	0	259,357			0	259,357	0	259,357
40	551-554.1	Total Other Power Generation Maintenance Expenses	74,550	0	74,550			0	74,550	0	74,550
41	555-557	Total Other Power Supply Operation Expenses	855	4,258,544	4,259,399			0	855	4,258,544	4,259,399
42	560	Operation Supervision and Engineering	55,441	2,751,717	2,807,158			0	55,441	2,751,717	2,807,158
43	561.1	Load Dispatch-Reliability	0	1,057,161	1,057,161			0	0	1,057,161	1,057,161
44	561.2	Load Dispatch-Monitor and Operate Transmission	0	3,943,707	3,943,707			0	0	3,943,707	3,943,707

		System									
45	561.3	Load Dispatch-Transmission Service and Scheduling	0	1,085,190	1,085,190			0	0	1,085,190	1,085,190
46	561.4	Scheduling, System Control and Dispatch Services	0	0	0			0	0	0	0
47	561.5	Reliability Planning and Standards Development	0	947,530	947,530			0	0	947,530	947,530
48	561.6	Transmission Service Studies	129,482	0	129,482			0	129,482	0	129,482
49	561.7	Generation Interconnection Studies	37,221	0	37,221			0	37,221	0	37,221
50	561.8	Reliability Planning and Standards Development Services	0	0	0			0	0	0	0
51	562	Station Expenses (Major Only)	110,106	0	110,106			0	110,106	0	110,106
51.1	562.1	Operation of Energy Storage Equipment									
52	563	Overhead Line Expenses (Major Only)	95,250	0	95,250			0	95,250	0	95,250
53	564	Underground Line Expenses (Major Only)	0	0	0			0	0	0	0
54	565	Transmission of Electricity by Others (Major Only)	0	0	0			0	0	0	0
55	566	Miscellaneous Transmission Expenses (Major Only)	79,353	1,325,101	1,404,454			0	79,353	1,325,101	1,404,454
56	567	Rents	0	0	0			0	0	0	0
57	567.1	Operation Supplies and Expenses (Nonmajor Only)	0	0	0			0	0	0	0
58		Total Transmission Operation Expenses	506,853	11,110,406	11,617,259			0	506,853	11,110,406	11,617,259
59	568	Maintenance Supervision and Engineering (Major Only)	0	0	0			0	0	0	0
60	569	Maintenance of Structures (Major Only)	0	0	0			0	0	0	0
61	569.1	Maintenance of Computer Hardware	0	0	0			0	0	0	0
62	569.2	Maintenance of Computer Software	0	0	0			0	0	0	0
63	569.3	Maintenance of Communication Equipment	0	0	0			0	0	0	0

64	569.4	Maintenance of Miscellaneous Regional Transmission Plant	0	0	0			0	0	0	0
65	570	Maintenance of Station Equipment (Major Only)	315,642	827,230	1,142,872			0	315,642	827,230	1,142,872
65.1	570.1	Maintenance of Energy Storage Equipment									
66	571	Maintenance of Overhead Lines (Major Only)	463,255	0	463,255			0	463,255	0	463,255
67	572	Maintenance of Underground Lines (Major Only)	0	0	0			0	0	0	0
68	573	Maintenance of Miscellaneous Transmission Plant (Major Only)	239,058	12,477	251,535			0	239,058	12,477	251,535
69	574	Maintenance of Transmission Plant (Nonmajor Only)	0	0	0			0	0	0	0
70		Total Transmission Maintenance Expenses	1,017,955	839,707	1,857,662			0	1,017,955	839,707	1,857,662
71	575.1-575.8	Total Regional Market Operation Expenses	0	0	0			0	0	0	0
72	576.1-576.5	Total Regional Market Maintenance Expenses	0	0	0			0	0	0	0
73	580-589	Total Distribution Operation Expenses	2,053,283	11,530,704	13,583,987	74,965	0	74,965	2,128,248	11,530,704	13,658,952
74	590-598	Total Distribution Maintenance Expenses	348,238	573,471	921,709			0	348,238	573,471	921,709
75		Total Electric Operation and Maintenance Expenses	72,079,928	104,764,987	176,844,915	74,965	0	74,965	72,154,893	104,764,987	176,919,880
76	700-798	Production Expenses (Provide selected accounts in a footnote)	0	0	0			0	0	0	0
77	800-813	Total Other Gas Supply Operation Expenses	1,662	0	1,662			0	1,662	0	1,662
78	814-826	Total Underground Storage Operation Expenses	116,369	0	116,369			0	116,369	0	116,369
79	830-837	Total Underground Storage Maintenance Expenses	58,356	0	58,356			0	58,356	0	58,356

80	840-842.3	Total Other Storage Operation Expenses	0	0	0			0	0	0	0
81	843.1-843.9	Total Other Storage Maintenance Expenses	0	0	0			0	0	0	0
82	844.1-846.2	Total Liquefied Natural Gas Terminaling and Processing Operation Expenses	0	0	0			0	0	0	0
83	847.1-847.8	Total Liquefied Natural Gas Terminaling and Processing Maintenance Expenses	0	0	0			0	0	0	0
84	850	Operation Supervision and Engineering	1,670,407	0	1,670,407			0	1,670,407	0	1,670,407
85	851	System Control and Load Dispatching	0	0	0			0	0	0	0
86	852	Communication System Expenses	0	0	0			0	0	0	0
87	853	Compressor Station Labor and Expenses	0	0	0			0	0	0	0
88	854	Gas for Compressor Station Fuel	0	0	0			0	0	0	0
89	855	Other Fuel and Power for Compressor Stations	0	0	0			0	0	0	0
90	856	Mains Expenses	0	0	0			0	0	0	0
91	857	Measuring and Regulating Station Expenses	0	0	0			0	0	0	0
92	858	Transmission and Compression of Gas By Others	0	0	0			0	0	0	0
93	859	Other Expenses	94,926	0	94,926			0	94,926	0	94,926
94	860	Rents	0	0	0			0	0	0	0
95		Total Gas Transmission Operation Expenses	1,765,333	0	1,765,333			0	1,765,333	0	1,765,333
96	861	Maintenance Supervision and Engineering	0	0	0			0	0	0	0
97	862	Maintenance of Structures and Improvements	0	0	0			0	0	0	0
98	863	Maintenance of Mains	866	0	866			0	866	0	866
99	864	Maintenance of Compressor Station Equipment	0	0	0			0	0	0	0

100	865	Maintenance of Measuring And Regulating Station Equipment	0	0	0			0	0	0	0
101	866	Maintenance of Communication Equipment	0	0	0			0	0	0	0
102	867	Maintenance of Other Equipment	0	0	0			0	0	0	0
103		Total Gas Transmission Maintenance Expenses	866	0	866			0	866	0	866
104	870-881	Total Distribution Operation Expenses	414,425	946,423	1,360,848			0	414,425	946,423	1,360,848
105	885-894	Total Distribution Maintenance Expenses	85,059	148,533	233,592			0	85,059	148,533	233,592
106		Total Natural Gas Operation and Maintenance Expenses	2,442,070	1,094,956	3,537,026			0	2,442,070	1,094,956	3,537,026
107	901	Supervision	153,611	5,814,421	5,968,032			0	153,611	5,814,421	5,968,032
108	902	Meter reading expenses	27,646	571,672	599,318			0	27,646	571,672	599,318
109	903	Customer records and collection expenses	1,033,185	16,675,324	17,708,509			0	1,033,185	16,675,324	17,708,509
110	904	Uncollectible accounts	0	0	0			0	0	0	0
111	905	Miscellaneous customer accounts expenses	0	48	48			0	0	48	48
112		Total Customer Accounts Operation Expenses	1,214,442	23,061,465	24,275,907			0	1,214,442	23,061,465	24,275,907
113	907	Supervision	0	856,906	856,906			0	0	856,906	856,906
114	908	Customer assistance expenses	1,395,668	815,015	2,210,683			0	1,395,668	815,015	2,210,683
115	909	Informational And Instructional Advertising Expenses	58,238	0	58,238			0	58,238	0	58,238
116	910	Miscellaneous Customer Service And Informational Expenses	337,195	1,018,904	1,356,099			0	337,195	1,018,904	1,356,099
117		Total Service and Informational Operation Accounts	1,791,101	2,690,825	4,481,926			0	1,791,101	2,690,825	4,481,926
118	911	Supervision	0	0	0			0	0	0	0
119	912	Demonstrating and Selling Expenses	0	119	119			0	0	119	119
120	913	Advertising Expenses	0	0	0			0	0	0	0

121	916	Miscellaneous Sales Expenses	0	0	0			0	0	0	0
122		Total Sales Operation Expenses	0	119	119			0	0	119	119
123	920	Administrative and General Salaries	6,119,054	62,652,184	68,771,238			0	6,119,054	62,652,184	68,771,238
124	921	Office Supplies and Expenses	117,623	11,805,152	11,922,775			0	117,623	11,805,152	11,922,775
125	923	Outside Services Employed	3,993,637	8,532,825	12,526,462			0	3,993,637	8,532,825	12,526,462
126	924	Property Insurance	0	0	0			0	0	0	0
127	925	Injuries and Damages	47	9,619	9,666			0	47	9,619	9,666
128	926	Employee Pensions and Benefits	10,139,107	39,930,945	50,070,052			0	10,139,107	39,930,945	50,070,052
129	928	Regulatory Commission Expenses	254,092	0	254,092			0	254,092	0	254,092
130	930.1	General Advertising Expenses	0	0	0			0	0	0	0
131	930.2	Miscellaneous General Expenses	1,397	564,054	565,451			0	1,397	564,054	565,451
132	931	Rents	9,620	2,053,791	2,063,411			0	9,620	2,053,791	2,063,411
133		Total Administrative and General Operation Expenses	20,634,577	125,548,570	146,183,147			0	20,634,577	125,548,570	146,183,147
134	935	Maintenance of Structures and Equipment	362,022	1,629,270	1,991,292			0	362,022	1,629,270	1,991,292
135		Total Administrative and General Maintenance Expenses	24,002,142	152,930,249	176,932,391			0	24,002,142	152,930,249	176,932,391
136		Total Cost of Service	98,524,140	258,790,192	357,314,332	74,965	0	74,965	98,599,105	258,790,192	357,389,297

FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule XVII - Analysis of Billing - Associate Companies (Account 457)

1. For Services Rendered to Associate Companies (Account 457), list all of the associate companies.

Line No.	Name of Associate Company (a)	Account 457.1 Direct Costs Charged (b)	Account 457.2 Indirect Costs Charged (c)	Account 457.3 Compensation for Use of Capital (d)	Total Amount Billed (e)
1	Louisville Gas and Electric Company	43,278,392	122,989,437		166,267,829
2	Kentucky Utilities Company	40,997,638	135,220,731		176,218,369
3	Western Kentucky Energy Corp.	400			400
4	FCD LLC	2,130			2,130
5	LG&E and KU Energy LLC	40,684			40,684

6	LG&E and KU Capital LLC	13,775,421	447,369		14,222,790
7	PPL Services Corporation	177,125	47,721		224,846
8	PPL Energy Holdings, LLC	26,398	8,799		35,197
9	PPL Strategic Development, LLC	68,547	22,060		90,607
10	PPL EU Services Corporation	34,205	11,418		45,623
11	PPL Rhode Island Holdings, LLC	136,529	42,657		179,186
12					0
40	Total	98,537,469	258,790,192	0	357,327,661

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule XVIII - Analysis of Billing - Non-Associate Companies (Account 458)

1. For Services Rendered to Non-Associate Companies (Account 458), list all of the non-associate companies. In a footnote, describe the services rendered to each respective non-associate company.

Line No.	Name of Non-associate Company (a)	Account 458.1 Direct Costs Charged (b)	Account 458.2 Indirect Costs Charged (c)	Account 458.3 Compensation for Use of Capital (d)	Account 458.4 Excess or Deficiency on Servicing Non-associate Utility Companies (e)	Total Amount Billed (f)
1	[(a)] Entergy Corporation	36,104				36,104
2	[(b)] Cleco	38,861				38,861
3						0
40	Total	74,965	0	0	0	74,965

FOOTNOTE DATA

(a) Concept: NonAssociateCompanyName

Mutual assistance for storm restoration.

(b) Concept: NonAssociateCompanyName

Mutual assistance for storm restoration.

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule XIX - Miscellaneous General Expenses - Account 930.2

1. Provide a listing of the amount included in Miscellaneous General Expenses (Account 930.2), classifying such expenses according to their nature. Amounts less than $50,000 may be grouped showing the number of items and the total for the group.
2. Payments and expenses permitted by Section 321 (b)(2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. 441(b)(2)) shall be separately classified.

Line No.	Title of Account (a)	Amount (b)
1	R&D expenditures and other	565,451
40	Total	565,451

	This Report Is:		

Name of Respondent: LG&E and KU Services Company	(1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule XX - Organization Chart

1. Provide a graphical presentation of the relationships and inter relationships within the service company that identifies lines of authority and responsibility in the organization.

FERC FORM No. 60 (NEW 12-05)

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule XXI - Methods of Allocation

1. Indicate the service department or function and the basis for allocation used when employees render services to more than one department or functional group. If a ratio, include the numerator and denominator.
2. Include any other allocation methods used to allocate costs.

Service Department or Function	Basis of Allocation
Customer Service	Number of Customers Ratio
Sales and Marketing	Number of Customers Ratio
Economic Development and Major Accounts	Number of Customers Ratio
Meter Reading Services	Number of Meters Ratio
Cash Remittance	Revenue Ratio
Billing Integrity	Number of Customers Ratio
Energy Efficiency	Number of Customers Ratio
Smart Grid Strategy	Number of Customers Ratio
Field Services	Total Utility Plant Assets Ratio
CCS Retail Business Readiness	Number of Customers Ratio
Project Engineering	Generation Ratio
System Laboratory	Total Utility Plant Assets Ratio
Generation	Total Utility Plant Assets Ratio; Generation Ratio
Generation Services	Total Utility Plant Assets Ratio; Generation Ratio
Fuel Procurement	Contract Ratio
Strategy, Reliability and Tariffs	Transmission Ratio
Operations and Construction	Transmission Ratio; Total Utility Plant Assets Ratio
Reliability and Compliance	Transmission Ratio
Energy Marketing	Generation Ratio
Market Forecasting	Generation Ratio
Load Forecasting	Generation Ratio
Generation Planning and Analysis	Generation Ratio
Network Trouble and Dispatch	Number of Customers Ratio
Electric Engineering	Total Utility Plant Assets Ratio
Distribution Asset Management	Number of Customers Ratio; Total Utility Plant Assets Ratio
Forestry	Total Utility Plant Assets Ratio
Substation Construction and Maintenance	Total Utility Plant Assets Ratio
Electric Reliability/Analysis	Total Utility Plant Assets Ratio
Safety and Technical Training	Number of Employees Ratio; Revenue, Total Assets and Number of Employees Ratio; Generation Ratio; Total Utility Plant Assets Ratio; Transmission Ratio
Budgeting	Revenue, Total Assets and Number of Employees Ratio; Transmission Ratio; Generation Ratio; Number of Customers Ratio
Financial Planning	Revenue, Total Assets and Number of Employees Ratio
Accounting and Reporting	Revenue, Total Assets and Number of Employees Ratio
Property Accounting	Total Utility Plant Assets Ratio
Revenue Accounting	Revenue Ratio
Payroll	Number of Employees Ratio
Tax Accounting, Compliance and Reporting	Revenue, Total Assets and Number of Employees Ratio

Audit Services	Revenue, Total Assets and Number of Employees Ratio
Sarbanes-Oxley Compliance	Revenue, Total Assets and Number of Employees Ratio
Treasury and Corporate Finance	Revenue, Total Assets and Number of Employees Ratio
Risk Management	Revenue, Total Assets and Number of Employees Ratio
Credit Administration	Generation Ratio
Energy Marketing Trading Controls	Generation Ratio
Supply Chain	Revenue, Total Assets and Number of Employees Ratio; Number of Employees Ratio
Accounts Payable	Revenue, Total Assets and Number of Employees Ratio
IT Security	Network Users Ratio; Number of Employees Ratio
IT Applications Development and Support	Network Users Ratio; Number of Employees Ratio; Number of Customers Ratio; Ultimate Users Ratio
IT Infrastructure and Operations	Network Users Ratio; Number of Employees Ratio
IT Governance	Network Users Ratio; Number of Employees Ratio
IT Business Services	Network Users Ratio; Number of Employees Ratio
IT Major Projects	Network Users Ratio; Number of Employees Ratio; Ultimate Users Ratio
Legal	Revenue, Total Assets and Number of Employees Ratio
Compliance	Number of Employees Ratio; Total Utility Plant Assets Ratio
Environmental Affairs	Generation Ratio
Regulatory Affairs	Revenue Ratio
Government Affairs Management	Revenue Ratio
Internal Communications	Number of Employees Ratio
External and Brand Communications	Number of Customers Ratio
Public Affairs Management	Number of Customers Ratio
Facilities and Buildings	Facilities Ratio; Transmission Ratio; Generation Ratio
	Number of Employees Ratio

Security	Number of Customers Ratio
Production Mail	Number of Employees Ratio
Document	Number of Customers Ratio
Process Management and Performance	Number of Customers Ratio
Right-of-Way	Total Utility Plant Assets Ratio; Vehicle Cost Allocation Ratio
Transportation	Number of Employees Ratio
	Number of Employees Ratio
HR Compensation	Number of Employees Ratio
HR Benefits	Number of Employees Ratio
Other HR Services	Generation Ratio; Number of Customers Ratio; Network Users Ratio; Number of Employees Ratio; Revenue Ratio; Revenue, Total Assets and Number of Employees Ratio; Total Utility Plant Assets Ratio; Transmission Ratio
Health and Safety	
Executive Management	

Contract Ratio – Based on the sum of the physical amount (i.e. tons of coal, mmbtu of natural gas) of the contract for coal and natural gas fuel burned for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company and the denominator of which is for all operating companies. This ratio is calculated on an annual basis.

Departmental Charge Ratio – A specific department ratio based upon various factors. The departmental charge ratio typically applies to indirectly attributable costs such as departmental administrative, support, and/or material and supply costs that benefit more than one affiliate and that require allocation using general measures of cost causation. Methods for assignment are department-specific depending on the type of service being performed and are documented and monitored by the Budget Analysts for each department. The numerator and denominator vary by department. The ratio is based upon various factors such as labor hours, labor dollars, departmental or entity headcount, capital expenditures, operations and maintenance costs, retail energy sales, charitable contributions, generating plant sites, average allocation of direct reports, net book value of utility plant, total line of business assets, electric capital expenditures, substation assets and transformer assets. The Departmental Charge Ratio will only be used with prior approval by the Controller when other applicable ratios would not result in the fair assignment of costs. These ratios are calculated on an annual basis.

Facilities Ratio – Based on a two-tiered approach with one tier based on the number of employees by department or line of business and the other tier based on the applicable department or line of business ratio. The numerator for the number of employees is the number of employees by department or line of business at the facility and the denominator is the total employees at the facility. The numerator and denominator for the applicable department or line of business for the service provided as described in this document.

Generation Ratio – Based on the annual forecast of megawatt hours, the numerator of which is for an operating company and the denominator of which is for all operating companies. This ratio is calculated on an annual basis.

Network Users Ratio – Based on the number of IT network users at the end of the previous calendar year. A two-step assignment methodology is utilized to properly allocate costs to the proper legal entity. The numerator for the first step of this ratio is the total number of network users for each specific company, and the denominator is the total number of network users for all companies in which an allocator is assigned (i.e. LG&E, KU, LKS and PPL). For the second step, the ratio of LKS network users, to total network users will then be allocated to the other companies (LG&E, KU, and LKC) based on each company's ratio of LKS labor hours to total LKS labor hours. This ratio is calculated on an annual basis.

Number of Customers Ratio – Based on the number of retail electric and/or gas customers. This ratio will be determined based on the actual number of customers at the end of the previous calendar year. In some cases, the ratio may be calculated based on the type of customer class being served (i.e. Residential, Commercial or Industrial). The numerator is the total number of each Company's retail customers. The denominator is the total number of retail customers for both LG&E and KU. This ratio is calculated on an annual basis.

Number of Employees Ratio – Based on the number of employees benefiting from the performance of a service. This ratio will be determined based on actual counts of applicable employees at the end of the previous calendar year. A two-step assignment methodology is utilized to properly allocate LKS employee costs to the proper legal entity. The numerator for the first step of this ratio is the total number of employees for each specific company, and the denominator is the total number of employees for all companies in which an allocator is assigned (i.e. LG&E, KU, and LKS). For the second step, the ratio of LKS to total employees will then be allocated to the other companies (LG&E, KU, and LKC) based on each company's ratio of labor hours to total labor hours. LKC has no employees, but non-utility related labor is charged to it. In some cases, the ratio may be calculated based on the number of employees at a specific location for the first step with the ratio of LKS to total employees being allocated based on labor hours of the employees at the specific location. This ratio is calculated on an annual basis.

Number of Meters Ratio – Based on the number or types of meters being utilized by customer classes within the system for the immediately preceding twelve consecutive calendar months. The numerator is equal to the number of meters for each utility and the denominator is equal to the total meters for KU and LG&E. This ratio is calculated on an annual basis.

Ownership Percentages – Based on the contractual ownership percentages of jointly-owned generating units, information technology, facilities and other capital projects. This ratio is updated as a result of a new jointly-owned

capital projects and is based on the benefit to the respective company. The numerator is the specific company's forecasted usage. The denominator is the total forecasted usage of all respective companies.

Revenue Ratio – Based on the sum of the revenue for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company and the denominator of which is for all operating companies. This ratio is calculated on an annual basis.

Revenue, Total Assets and Number of Employees Ratio – Based on an average of the revenue, total assets and number of employees ratios. The numerator is the sum of Revenue Ratio, Total Assets Ratio and Number of Employees Ratio for the specific company. The denominator is three – the number of ratios being averaged. This ratio is calculated on an annual basis.

Total Assets Ratio – Based on the total assets at year-end for the preceding year. In the event of joint ownership of a specific asset, asset ownership percentages are utilized to assign costs. The numerator is the total assets for each specific company at the end of the preceding year. The denominator is the sum of total assets for each company in which an allocator is assigned (LG&E, KU and LKC). This ratio is calculated on an annual basis.

Total Utility Plant Assets Ratio – Based on the total utility plant assets at year-end for the preceding year, the numerator of which is for an operating company and the denominator of which is for all operating companies. In the event of joint ownership of a specific asset, ownership percentages are utilized to assign costs. This ratio is calculated on an annual basis.

Transmission Ratio – The Transmission Coordination Agreement (TCA) provides "the contractual basis for the coordinated planning, operation, and maintenance of the combined" LG&E and KU transmission system. Pursuant to the terms of the TCA, LG&E/KU "operate their transmission systems as a single control area." The TCA establishes cost and revenue allocations between LG&E and KU. The Transmission Ratio is based upon Schedule A (Allocation of Operating Expenses of the Transmission System Operator) of the TCJA. Transmission System Operator Company allocation percentages are calculated during June of each year to be effective July 1st of each year using the previous year's summation of the Transmission Peak Demands as found in FERC Form 1 for Kentucky Utilities Company (KU) and Louisville Gas & Electric Company (LG&E) page 400 line 17(b).

Ultimate Users Ratio – Based on the number of ultimate users of an IT product or service (i.e., software, hardware, mobile devices, etc.) at the end of the previous calendar year. A two-step assignment methodology is utilized to properly allocate costs to the proper legal entity. The numerator for the first step of this ratio is the total number of ultimate users for each specific company, and the denominator is the total number of ultimate users for all companies in which an allocator is assigned (i.e. LG&E, KU, LKS and PPL). For the second step, the ratio of LKS ultimate users, to total ultimate users will then be allocated to the other companies (LG&E, KU, and LKC) based on each company's ratio of LKS labor hours to total LKS labor hours. This ratio is calculated on an annual basis.

Vehicle Cost Allocation Ratio – Based on the costs associated with providing and operating transportation fleet for all affiliated companies including developing fleet policy, administering regulatory compliance programs, managing repair and maintenance of vehicles and procuring vehicles. Such rates are applied based on the specific equipment employment and the measured usage of services by the various company entities. This ratio is calculated monthly based on the actual transportation charges from the previous month. The numerator is the department labor charged to a specific company. The denominator is the total labor costs for the specific department. The ratio is then multiplied by the total transportation costs to determine the amount charged to each company.

1. Provide a graphical presentation of the relationships and inter relationships within the service company that identifies lines of authority and responsibility in the organization.

The following were officers of LKS as of December 31, 2021:

John R. Crockett III – President

- Lonnie E. Bellar - Chief Operating Officer
  - Steven B. Turner - Vice President, Power Generation
  - Thomas A. Jessee - Vice President, Gas Operations
  - Elizabeth J. McFarland - Vice President, Transmission
  - Eileen L. Saunders - Vice President, Customer Services
  - David S. Sinclair - Vice President, Energy Supply and Analysis
    - Ronald Scott Straight - Vice President, Project Engineering
  - John K. Wolfe - Vice President, Electric Distribution

- Kent W. Blake - Chief Financial Officer
  - Daniel K. Arbough - Treasurer
  - Robert M. Conroy - Vice President, State Regulation and Rates
  - Christopher M. Garrett - Controller

- David J. Freibert - Vice President, External Affairs

- Gregory J. Meiman - Vice President, Human Resources

- Mary C. Whelan - Vice President, Communications and Corporate Responsibility
  - Angie McDonald Evans - Vice President, Corporate Responsibility and Community Affairs

- John P. Fendig - Corporate Secretary
- Deborah C. Gregor - Assistant Corporate Secretary
- Eric Slavinsky - Chief Information Officer

Paul W. Thompson, President and Chief Executive Officer, announced his retirement, effective January 1, 2022.

John R. Crockett III, General Counsel, Chief Compliance Officer and Corporate Secretary, was named President, effective January 1, 2022.

PPL Corp. Entities Participating in *Tax Allocation Agreement* in 2020

CEP Commerce, LLC
CEP Lending, Inc.
CEP Reserves, Inc.
PMDC International Holdings, Inc.
PP&L Residual Corporation
PPL Atlantic Holdings, LLC
PPL (Barbados) SRL
PPL Capital Funding, Inc.
PPL Corporation
PPL Distributed Energy Resources, LLC
PPL Electric Utilities Corporation
PPL Energy Funding Corporation
PPL Energy Holdings, LLC
PPL Energy Resources, LLC
PPL EU Services Corporation
PPL Global, LLC
PPL Power Insurance Ltd.
PPL Renewables, LLC
PPL Safari Holdings, LLC
PPL Services Corporation
PPL Strategic Development, LLC
PPL Subsidiary Holdings, LLC
PPL Technology Ventures, LLC
PPL TransLink, Inc.
PPL UK Distribution Holdings, Ltd.
PPL UK Holdings, LLC
PPL UK Resources Limited
PPL WPD Limited
LG&E and KU Energy LLC
Kentucky Utilities Company
Louisville Gas & Electric Company
LG&E and KU Capital LLC
LG&E and KU Services Company
Western Kentucky Energy Corp.
FCD LLC
Lexington Utilities Company
LG&E Energy Inc.
LG&E and KU Hydro I LLC

Bulloch County GA S1, LLC
Chambersburg Solar Center, LLC
East Brunswick Solar, LLC
Franklin County GA S1, LLC
Greene County GA S1, LLC
Lowndes County GA S1, LLC
Lowndes County GA S2, LLC Meriwether
County GA S1, LLC
Murray County GA S1, LLC
Putnam County GA S1, LLC
Safari Baboon, LLC
Safari Chimpanzee, LLC
Safari Donkey, LLC
Safari Elephant, LLC
Safari Energy, LLC
Safari Energy Construction, LLC
Safari Energy Georgia 1-2019, LLC Safari
Energy Georgia 2-2019, LLC Safari
Energy Georgia 3-2019, LLC Safari
Energy Georgia 4-2019, LLC Safari
Energy Georgia 5-2019, LLC Safari
Energy Georgia 6-2019, LLC Safari
Energy Georgia 7-2019, LLC Safari
Energy Georgia 8-2019, LLC Safari
Energy Illinois 1-2019, LLC Safari
Energy Illinois 2-2020, LLC Safari Energy
Investments 1, LLC Safari Energy
Massachusetts 1-2019, LLC Safari Energy
Massachusetts 2-2019, LLC Safari Energy
Massachusetts 3-2019, LLC Safari Energy
Massachusetts 4-2019, LLC Safari Energy
Massachusetts 5-2020, LLC Safari Energy
New York 1-2020, LLC Safari Energy
Ohio 1-2019, LLC
Safari Energy Rhode Island 1-2020, LLC
Safari Kangaroo, LLC
Safari Loris, LLC
Safari Orangutan, LLC

Safari Viper, LLC
Safari Zebra, LLC
Solar Star Meridian Park West, LLC
Terrell County GA S1, LLC
Troup County GA S1, LLC
Ware County GA S1, LLC
Ware County GA S2, LLC
Wilkinson County GA S1, LLC
Wesleyan Solar Array, LLC

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, Christopher M. Garrett, being duly sworn, deposes and says that he is Vice President - Finance and Accounting for Kentucky Utilities Company ("KU") and that to the best of his knowledge and belief there are no differences between the allocated and separate return tax liabilities of KU, d/b/a Old Dominion Power Company in Virginia.

Christopher M. Garrett
Christopher M. Garrett

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 22nd day of April 2022.

Judy Schooler
Notary Public

Notary Public, ID No. 603967

My Commission Expires:

July 11, 2022

2021 VA ARAT
KU Provider of Service (Receivables)
VSCC-1 By Type of Service and FERC Account per Month
Order Granting Approval, Appendix 11c
CASE NO. PUR-2018-00049

Type of Service	FERC Account	JAN-2021	FEB-2021	MAR-2021	APR-2021	MAY-2021	JUN-2021	JUL-2021	AUG-2021	SEP-2021	OCT-2021	NOV-2021	DEC-2021	Grand Total
Compliance, Legal, and Environmental Affairs Services	921	-	-	-	-	-	-	-	(64.13)	-	-	-	-	(64.13)
Compliance, Legal, and Environmental Affairs Services Total	**Total**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(64.13)**	**-**	**-**	**-**	**-**	**(64.13)**
Corporate Tax and Payroll Organization Services	232	-	-	-	-	-	-	-	-	-	-	1,473.78	-	1,473.78
Corporate Tax and Payroll Organization Services	408.1	3,755.80	3,112.09	3,304.21	2,022.48	2,894.81	(130.26)	2,000.86	3,821.86	2,542.80	2,336.68	1,953.36	12,713.16	40,327.85
Corporate Tax and Payroll Organization Services	426.5	-	-	-	21.55	86.21	215.98	1,095.70	13.76	-	-	-	667.22	2,100.42
Corporate Tax and Payroll Organization Services Total	**Total**	**3,755.80**	**3,112.09**	**3,304.21**	**2,044.03**	**2,981.02**	**85.72**	**3,096.56**	**3,835.62**	**2,542.80**	**2,336.68**	**3,427.14**	**13,380.38**	**43,902.05**
Customer and Customer-Related Services	107	-	-	-	90.34	131.33	1,074.89	661.80	11,580.16	9,663.87	3,963.82	-	-	27,166.21
Customer and Customer-Related Services	184	-	-	-	-	-	1,837.08	2,332.08	7,101.66	13,028.39	9,578.15	-	-	33,877.36
Customer and Customer-Related Services	426.5	-	-	-	57.98	239.75	230.63	1,887.77	23.14	-	2,677.13	2,789.18	(174.72)	7,730.86
Customer and Customer-Related Services	582	-	-	-	-	0.92	-	-	-	-	-	-	-	0.92
Customer and Customer-Related Services	586	1,754.44	2,109.96	992.92	1,633.59	47.88	(4.83)	-	36.83	788.03	-	-	1,262.96	8,621.78
Customer and Customer-Related Services	598	-	-	-	-	(103.20)	-	-	-	-	-	-	-	(103.20)
Customer and Customer-Related Services	901	-	-	(0.05)	-	2.93	2,389.57	0.30	-	(0.03)	(0.02)	-	-	2,392.70
Customer and Customer-Related Services	902	1,692.00	2,357.52	-	1,997.97	1,936.69	2,354.70	1,727.25	2,051.75	2,167.75	4,329.70	93.15	3,394.45	24,102.93
Customer and Customer-Related Services	903	(0.05)	-	-	-	-	(3.04)	-	(0.01)	(0.10)	(0.02)	362.50	-	359.28
Customer and Customer-Related Services	908	-	-	-	-	-	-	-	-	(0.01)	-	-	-	(0.01)
Customer and Customer-Related Services Total	**Total**	**3,446.39**	**4,467.48**	**992.87**	**3,779.88**	**2,256.30**	**7,879.00**	**6,609.20**	**20,793.53**	**25,647.90**	**20,548.76**	**3,244.83**	**4,482.69**	**104,148.83**
Distribution Operations Services	107	7,542.29	25,161.95	3,432.89	4,650.31	30,974.79	7,111.88	4,869.99	6,716.70	6,637.01	14,469.02	3,709.52	6,490.33	121,766.68
Distribution Operations Services	108	127.68	77.22	143.58	(177.78)	(29.44)	460.30	300.82	64.83	88.99	63.40	24.81	4.62	1,149.03
Distribution Operations Services	163	-	-	-	-	-	-	-	-	0.15	-	-	-	0.15
Distribution Operations Services	173	8.71	0.28	1.80	1.37	0.52	2.34	2.85	0.21	0.97	1.34	0.18	-	20.57
Distribution Operations Services	184	1,171.03	6,488.59	865.16	1,441.60	4,767.11	5,619.40	(93.61)	5,984.92	1,430.57	2,261.53	202.25	1,821.30	31,959.85
Distribution Operations Services	186	-	-	0.03	-	0.08	0.06	0.04	0.05	0.06	0.12	-	-	0.44
Distribution Operations Services	426.5	-	-	0.20	274.90	1,096.51	2,746.98	13,935.96	175.45	2.55	0.59	0.29	6,234.46	24,467.89
Distribution Operations Services	510	-	-	-	5.74	-	-	-	-	-	-	-	-	5.74
Distribution Operations Services	512	-	-	0.16	-	-	-	-	-	-	-	-	-	0.16
Distribution Operations Services	513	-	-	2.12	4.25	0.36	53.33	-	0.58	0.51	2.77	0.33	-	64.25
Distribution Operations Services	544	-	-	-	-	-	-	0.16	-	-	-	-	-	0.16
Distribution Operations Services	548	0.17	-	2.89	-	0.06	0.11	0.08	-	-	0.06	-	-	3.37
Distribution Operations Services	549	-	-	-	-	-	-	-	-	0.42	-	-	-	0.42
Distribution Operations Services	553	-	-	5.43	0.20	0.74	3.38	0.11	0.38	0.05	0.26	1.40	-	11.95
Distribution Operations Services	560	-	-	-	8.05	-	-	-	-	-	271.81	-	-	279.86
Distribution Operations Services	562	3.10	18.78	27.46	7.65	23.94	51.95	29.75	2.85	4.34	4.14	3.99	0.24	178.19
Distribution Operations Services	566	1.45	28.16	39.19	19.13	15.82	27.38	74.30	5.58	5.74	5.71	2.63	1.35	226.44
Distribution Operations Services	570	78,496.63	63.67	44.63	108.33	70.15	90.63	185.01	21.92	15.49	12.50	16.71	4.05	79,129.72
Distribution Operations Services	571	0.90	4.82	-	-	-	-	-	-	0.11	0.14	-	-	5.97
Distribution Operations Services	580	1,170.40	209.34	1,025.55	238.90	0.30	-	8.98	0.59	982.69	-	2,327.78	5,588.01	11,552.54
Distribution Operations Services	581	-	-	12,336.55	-	-	-	-	-	-	-	-	-	12,336.55
Distribution Operations Services	582	1.00	26.35	39.35	32.95	59.90	23.65	6.78	275.49	11.48	12.02	13.14	0.02	502.13
Distribution Operations Services	583	80,935.43	14,213.43	242.16	81.99	226.60	573.04	597.95	202.78	188.40	69.03	22.39	7.05	97,360.25
Distribution Operations Services	584	41.54	33.74	31.75	20.47	166.46	138.00	175.51	14.81	43.49	20.87	5.87	1.09	693.60
Distribution Operations Services	586	4.52	-	0.97	0.56	-	6.40	14.66	4.71	1.57	0.55	0.71	0.12	34.77
Distribution Operations Services	588	71.87	3,290.78	50.45	78.07	70.62	137.36	160.48	13.62	111.02	19.33	273.77	89.57	4,366.94
Distribution Operations Services	591	-	3.59	-	-	-	16.88	-	0.93	0.05	0.21	-	-	21.66
Distribution Operations Services	592	0.86	38.36	36.86	24.99	162.35	75.77	357.19	19.69	692.98	17.74	5.53	1.75	1,434.07
Distribution Operations Services	593	416.05	562.72	487.43	61.28	309.37	1,012.87	1,070.63	92.69	342.57	30.14	305.55	939.07	5,630.37
Distribution Operations Services	594	130.05	95.82	97.09	32.42	26.27	326.70	374.45	26.38	221.73	17.50	14.21	3.87	1,366.49
Distribution Operations Services	595	-	-	-	-	5.21	2.00	0.93	0.65	0.54	-	0.22	-	9.55
Distribution Operations Services	596	-	-	0.06	0.09	0.15	1.05	5.81	-	1.22	0.06	0.02	-	8.46
Distribution Operations Services	598	-	-	-	-	1,404.67	-	0.20	-	-	-	-	-	1,404.87
Distribution Operations Services	814	3.00	11.90	7.36	10.83	10.73	10.76	8.26	11.72	10.16	11.67	10.73	-	107.12
Distribution Operations Services	816	0.38	0.70	0.72	1.11	1.58	1.09	1.27	1.17	1.19	1.63	1.46	-	12.30
Distribution Operations Services	817	1.08	4.76	3.22	5.29	7.38	6.15	4.57	5.77	3.32	6.42	6.39	-	54.35
Distribution Operations Services	818	3.11	16.62	11.17	9.56	11.78	11.55	8.74	5.97	5.50	5.88	9.12	-	99.00
Distribution Operations Services	821	9.86	34.06	10.96	10.26	5.30	0.36	(0.12)	0.29	0.05	0.17	4.98	-	76.17
Distribution Operations Services	830	3.44	10.34	7.80	11.76	11.13	9.94	8.42	11.02	10.06	11.96	11.01	-	106.88
Distribution Operations Services	832	-	-	0.19	-	1.20	5.70	3.85	6.69	6.27	0.66	0.45	-	25.01
Distribution Operations Services	833	0.84	5.47	8.24	10.22	10.24	5.35	2.64	6.83	13.28	13.17	10.80	-	87.08
Distribution Operations Services	834	1.24	4.61	4.90	6.98	8.31	3.52	3.76	5.60	7.33	5.20	4.53	-	55.98
Distribution Operations Services	835	-	-	-	-	-	-	-	-	0.30	0.43	-	-	0.73
Distribution Operations Services	836	0.44	-	1.89	8.46	9.97	13.39	8.95	9.97	9.40	12.97	10.00	-	85.44
Distribution Operations Services	837	0.72	7.34	1.46	4.44	5.09	7.35	4.02	4.60	6.48	9.18	9.81	-	60.49
Distribution Operations Services	850	0.02	-	-	0.05	0.53	0.29	-	0.07	0.09	0.11	0.07	-	1.23
Distribution Operations Services	856	1.98	6.86	3.12	7.07	6.57	7.25	5.38	11.18	9.15	10.05	4.05	-	72.66
Distribution Operations Services	863	33.90	127.39	26.94	33.95	28.95	26.50	20.83	128.22	25.90	30.47	26.47	-	509.52
Distribution Operations Services	874	-	-	0.65	0.71	0.59	0.77	0.72	0.66	0.86	1.25	4.33	-	10.54
Distribution Operations Services	875	-	-	-	-	-	-	-	-	-	12.26	80.50	-	92.76
Distribution Operations Services	876	-	-	-	-	-	-	-	-	-	0.16	2.91	-	3.07
Distribution Operations Services	878	0.23	0.90	0.43	0.99	1.05	0.87	1.81	1.22	1.96	2.09	2.29	-	13.84
Distribution Operations Services	879	1.64	7.36	1.48	2.46	3.47	2.92	3.20	2.78	2.70	4.23	4.67	-	36.91

2021 VA ARAT
KU Provider of Service (Receivables)
VSCC-1 By Type of Service and FERC Account per Month
Order Granting Approval, Appendix 11c
CASE NO. PUR-2018-00049

Type of Service	FERC Account	JAN-2021	FEB-2021	MAR-2021	APR-2021	MAY-2021	JUN-2021	JUL-2021	AUG-2021	SEP-2021	OCT-2021	NOV-2021	DEC-2021	Grand Total
Distribution Operations Services	880	1.39	3.02	1.73	3.04	397.73	4.83	14.70	4.95	4.85	8.07	6.59	-	450.90
Distribution Operations Services	887	-	-	2.04	0.80	0.73	0.83	10.88	2.35	1.51	2.14	1.61	-	22.89
Distribution Operations Services	890	-	-	-	-	-	-	-	-	-	(0.01)	3.06	-	3.05
Distribution Operations Services	891	-	-	-	-	-	-	-	-	-	0.19	-	-	0.19
Distribution Operations Services	892	0.38	1.52	0.43	1.11	0.93	0.84	3.43	1.03	1.19	0.22	0.22	-	11.30
Distribution Operations Services	902	-	-	-	-	-	-	0.05	-	-	-	-	-	0.05
Distribution Operations Services	903	-	-	-	-	-	-	-	-	-	-	-	3,893.72	3,893.72
Distribution Operations Services	920	-	-	-	-	-	149.76	-	-	-	-	-	-	149.76
Distribution Operations Services	921	-	-	-	-	-	46.86	48.27	-	-	-	-	-	95.13
Distribution Operations Services	923	-	-	-	-	-	169.15	-	-	-	-	-	-	169.15
Distribution Operations Services	926	-	-	-	-	1,885.76	-	-	-	-	-	-	796.20	2,681.96
Distribution Operations Services	935	-	-	-	-	-	-	-	-	0.19	-	-	-	0.19
Distribution Operations Services Total	**Total**	**170,187.33**	**50,560.45**	**19,008.49**	**7,044.56**	**41,761.56**	**18,967.49**	**22,242.66**	**13,847.90**	**10,906.44**	**17,431.41**	**7,147.35**	**25,876.82**	**404,982.46**
Energy Supply and Analysis Services	456.1	-	-	1,761.97	-	-	11,743.36	9,934.66	33,373.28	31,716.54	-	(0.00)	-	88,529.81
Energy Supply and Analysis Services	565	-	-	-	-	-	-	8,713.07	-	-	-	4,375.67	-	13,088.74
Energy Supply and Analysis Services Total	**Total**	**-**	**-**	**1,761.97**	**-**	**-**	**11,743.36**	**18,647.73**	**33,373.28**	**31,716.54**	**-**	**4,375.67**	**-**	**101,618.55**
HR Services	182.3	-	-	-	-	-	136,406.00	-	-	135,784.00	-	-	15,590.00	287,780.00
HR Services	426.5	-	-	-	62.08	248.27	488.98	1,468.36	18.44	-	-	-	(402.52)	1,883.61
HR Services	921	-	-	-	-	-	-	-	-	-	147.00	-	-	147.00
HR Services	926	8,668.69	7,583.92	7,256.01	4,642.09	5,922.86	(2,306.06)	1,253.22	3,802.36	4,540.02	4,210.10	2,064.59	3,014.63	50,652.43
HR Services Total	**Total**	**8,668.69**	**7,583.92**	**7,256.01**	**4,704.17**	**6,171.13**	**134,588.92**	**2,721.58**	**3,820.80**	**140,324.02**	**4,357.10**	**2,064.59**	**18,202.11**	**340,463.04**
IT Services	107	28,090.81	6,900.12	25,383.40	30,929.24	17,240.51	41,560.15	29,375.16	16,659.69	5,307.47	12,782.26	5,180.72	13,846.49	233,256.02
IT Services	108	-	-	402.87	-	-	-	-	-	1,658.87	-	-	0.05	2,061.79
IT Services	184	33,506.87	10,196.14	24,692.85	40,247.14	19,735.15	58,152.29	37,840.24	20,023.10	8,903.46	9,941.09	5,499.12	9,552.74	278,290.19
IT Services	506	-	51.56	-	-	-	-	-	-	-	-	-	0.83	52.39
IT Services	511	-	-	-	-	-	-	-	-	-	-	-	0.87	0.87
IT Services	560	-	-	-	-	-	-	1,051.52	-	-	-	-	-	1,051.52
IT Services	561.5	-	-	-	-	-	-	-	102.64	-	-	-	-	102.64
IT Services	570	48.23	-	-	-	-	-	-	-	-	-	-	-	48.23
IT Services	588	114.09	-	-	-	-	-	-	-	-	-	-	0.13	114.22
IT Services	818	-	-	-	-	-	-	-	-	-	-	-	0.18	0.18
IT Services	863	-	-	-	-	-	-	-	-	-	-	-	0.17	0.17
IT Services	901	-	-	299.25	-	-	-	-	-	276.18	206.02	-	-	781.45
IT Services	903	-	-	-	-	-	-	-	-	109.79	229.43	-	-	339.22
IT Services	908	-	-	-	-	-	-	-	-	66.39	-	-	-	66.39
IT Services	920	2,336.78	86.21	86.21	86.21	16.69	(14.11)	390.99	166.55	-	77,642.59	7,397.80	21,223.67	109,419.59
IT Services	921	5,510.33	5,692.23	4,038.10	2,820.50	3,959.30	3,587.24	4,245.02	5,103.02	4,047.65	6,174.05	3,221.54	6,853.40	55,252.38
IT Services	935	116,653.44	145,997.83	92,835.52	90,236.44	91,311.51	84,054.10	94,798.78	123,708.00	109,468.50	5,751.05	88,741.90	109,207.15	1,152,764.22
IT Services Total	**Total**	**186,260.55**	**168,924.09**	**147,738.20**	**164,319.53**	**132,263.16**	**187,339.67**	**167,701.71**	**165,763.00**	**129,838.31**	**112,726.49**	**110,041.08**	**160,685.68**	**1,833,601.47**
Operating Services	107	(0.42)	(0.88)	(3.72)	20,281.46	1,238.79	344.60	-	(0.05)	(0.19)	9,027.14	5,938.09	-	36,824.82
Operating Services	108	-	-	(0.30)	3,320.34	-	-	-	-	-	-	-	-	3,320.04
Operating Services	184	734.57	2,045.67	212.50	262.50	-	-	-	(1,628.20)	-	-	-	-	1,627.04
Operating Services	454	12,477.38	12,477.38	12,477.38	12,477.38	9,257.25	-	-	-	-	-	-	-	59,166.77
Operating Services	511	-	-	-	-	-	700.92	-	-	-	-	-	-	700.92
Operating Services	567	397.55	397.55	397.55	397.55	414.84	414.84	414.84	414.84	414.84	414.84	414.84	414.84	4,908.92
Operating Services	920	-	(11.39)	-	(3.15)	-	(5.38)	-	-	-	-	-	8.75	(11.17)
Operating Services	921	-	-	-	-	-	16,815.82	-	-	-	-	-	-	16,815.82
Operating Services	931	14,860.38	14,860.38	14,732.24	14,421.33	16,540.07	16,561.29	16,188.89	16,345.58	16,744.58	16,484.32	16,120.67	16,295.67	190,155.40
Operating Services	935	(3,052.50)	-	-	-	-	1,498.28	-	-	-	-	-	-	(1,554.22)
Operating Services Total	**Total**	**25,416.96**	**29,768.71**	**27,815.65**	**51,157.41**	**27,450.95**	**36,330.37**	**16,603.73**	**15,132.17**	**17,159.23**	**25,926.30**	**22,473.60**	**16,719.26**	**311,954.34**
Power Production and Generation Services	107	37,071.31	61,291.74	187,950.27	407,450.22	308,666.63	133,630.94	163,209.83	122,929.06	274,859.42	7,838.18	126,039.84	194,838.25	2,025,775.69
Power Production and Generation Services	108	341,716.81	53,100.16	16,414.47	54,984.85	-	124,564.80	59,828.30	1,708.39	94,355.33	0.76	45,429.79	87,596.99	879,700.65
Power Production and Generation Services	151	94,773.41	94,773.41	94,773.41	94,773.41	94,773.41	94,773.41	97,112.42	97,112.42	97,112.42	97,112.42	97,112.42	97,112.42	1,151,314.98
Power Production and Generation Services	408.1	2,000.48	1,890.45	2,122.60	1,970.86	1,791.95	2,869.88	2,270.30	2,109.34	1,456.05	2,012.19	1,171.83	-	21,665.93
Power Production and Generation Services	426.5	0.06	-	-	-	-	-	-	-	-	-	-	0.57	0.63
Power Production and Generation Services	456	-	-	-	-	-	-	-	-	1,147,560.00	-	-	-	1,147,560.00
Power Production and Generation Services	500	637.09	(3.49)	-	-	-	-	-	-	-	-	-	3.31	636.91
Power Production and Generation Services	501	-	(2.60)	-	-	-	-	-	88.72	-	-	-	-	86.12
Power Production and Generation Services	502	-	-	-	-	19.50	-	-	-	-	-	-	-	19.50
Power Production and Generation Services	505	-	-	-	-	-	-	-	-	-	0.11	-	-	0.11
Power Production and Generation Services	506	0.46	3,680.83	74.58	1.05	0.83	1.37	0.66	1,615.35	3,745.47	8,738.26	0.77	246.61	18,106.24
Power Production and Generation Services	510	4.07	14.39	2.41	3.94	3.50	3.23	3.12	3.54	5.17	5.44	12.42	-	61.23
Power Production and Generation Services	511	2.77	8.53	0.73	2.18	2.34	1.46	1.24	1,168.12	1.95	1.09	1.73	3.19	1,195.33
Power Production and Generation Services	512	11,254.56	131.56	181.16	23.28	6,646.11	3,059.54	395.42	22,237.19	14,813.72	5,875.47	544.63	833.59	65,996.23
Power Production and Generation Services	513	2.24	(3.67)	108.16	1,774.85	1,119.21	2.29	1.04	(7,114.95)	4.11	3.71	8.75	22.76	(4,071.50)
Power Production and Generation Services	514	65.61	0.38	0.15	0.35	981.10	0.48	0.41	336.16	0.28	-	0.21	(0.09)	1,385.04
Power Production and Generation Services	546	3,916.63	4,157.67	4,977.35	4,521.03	4,267.24	3,760.98	3,634.67	3,865.26	3,978.22	3,978.69	2,846.24	3,668.32	47,572.30
Power Production and Generation Services	548	-	-	-	-	-	-	-	-	-	-	-	0.38	0.38
Power Production and Generation Services	549	-	-	-	-	-	-	89.60	173.70	-	-	-	-	263.30
Power Production and Generation Services	551	3,972.77	4,135.73	4,764.08	4,552.97	4,080.95	4,644.05	3,468.47	3,695.70	3,587.64	4,104.13	2,464.38	1,611.34	45,082.21

2021 VA ARAT
KU Provider of Service (Receivables)
VSCC-1 By Type of Service and FERC Account per Month
Order Granting Approval, Appendix 11c
CASE NO. PUR-2018-00049

Type of Service	**FERC Account**	**JAN-2021**	**FEB-2021**	**MAR-2021**	**APR-2021**	**MAY-2021**	**JUN-2021**	**JUL-2021**	**AUG-2021**	**SEP-2021**	**OCT-2021**	**NOV-2021**	**DEC-2021**	**Grand Total**
Power Production and Generation Services	552	8,282.05	11,015.35	7,806.39	7,073.14	6,775.83	10,883.85	10,743.25	9,453.40	8,703.65	8,117.23	10,756.02	11,369.68	110,979.84
Power Production and Generation Services	553	(3,852.59)	1,599.46	6,807.26	2,513.06	1,652.50	5,390.07	4,270.63	10,095.24	5,303.11	13,337.97	3,069.18	3,663.73	53,849.62
Power Production and Generation Services	554	4,890.53	1,861.57	2,239.27	4,870.03	5,644.16	11,174.03	6,333.73	5,122.91	4,550.53	6,391.94	3,980.07	6,442.77	63,501.54
Power Production and Generation Services	565	49,309.49	504,809.46	-	82,222.57	76,996.70	-	-	-	-	-	80,100.61	37,519.55	830,958.38
Power Production and Generation Services	887	-	-	489.58	-	-	-	-	-	-	-	-	-	489.58
Power Production and Generation Services	922	4,361.79	875.51	1,468.18	8,171.26	13,241.68	3,331.83	4,344.91	3,267.80	679.41	1,793.01	2,934.59	2,752.03	47,222.00
Power Production and Generation Services	925	252.77	213.70	251.72	242.86	213.19	329.11	276.16	253.92	251.72	313.32	167.54	-	2,766.01
Power Production and Generation Services	926	5,526.80	4,749.09	5,511.86	5,349.74	4,659.32	3,378.50	2,868.55	2,598.85	2,937.91	3,666.17	1,394.96	-	42,641.75
Power Production and Generation Services Total	**Total**	**564,189.11**	**748,299.23**	**335,943.63**	**680,501.65**	**531,536.15**	**401,799.82**	**358,852.71**	**280,720.12**	**1,663,906.11**	**163,290.09**	**378,035.98**	**447,685.40**	**6,554,760.00**
Regulatory Affairs and Government Affairs Management Services	921	-	-	-	-	-	-	-	68.06	-	-	-	-	68.06
Regulatory Affairs and Government Affairs Management Services Total	**Total**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**68.06**	**-**	**-**	**-**	**-**	**68.06**
Safety and Technical Training	580	-	-	-	-	-	-	-	-	-	-	-	121.43	121.43
Safety and Technical Training	588	-	(273.30)	-	(402.95)	-	(678.56)	(20.63)	-	-	-	-	-	(1,375.44)
Safety and Technical Training Total	**Total**	**-**	**(273.30)**	**-**	**(402.95)**	**-**	**(678.56)**	**(20.63)**	**-**	**-**	**-**	**-**	**121.43**	**(1,254.01)**
Supply Chain and Logistics Services	107	-	68.09	92.56	-	-	-	-	-	-	-	-	-	160.65
Supply Chain and Logistics Services	163	-	-	-	-	-	-	-	-	-	-	29,324.83	-	29,324.83
Supply Chain and Logistics Services	920	-	9.57	-	-	-	(28.60)	(5.72)	-	-	-	-	-	(24.75)
Supply Chain and Logistics Services	921	-	7.40	-	-	-	-	-	-	-	-	-	-	7.40
Supply Chain and Logistics Services Total	**Total**	**-**	**85.06**	**92.56**	**-**	**-**	**(28.60)**	**(5.72)**	**-**	**-**	**-**	**29,324.83**	**-**	**29,468.13**
Transmission Operations & Services	107	97,874.69	179,667.52	380,129.20	1,176,029.87	180,369.74	135,998.76	36,088.99	(17,690.47)	33,841.73	393,849.72	128,084.59	42,630.83	2,766,875.17
Transmission Operations & Services	108	-	273.57	3,688.59	44,104.94	19,313.58	2,564.72	-	-	-	-	-	-	69,945.40
Transmission Operations & Services	165	-	-	-	-	-	-	-	1,391.96	-	-	-	-	1,391.96
Transmission Operations & Services	183	-	(75.12)	-	-	-	-	-	-	-	(0.06)	(0.01)	-	(75.19)
Transmission Operations & Services	184	(0.13)	-	(0.47)	-	(0.02)	(16.89)	(0.05)	(0.02)	-	-	-	-	(17.58)
Transmission Operations & Services	186	-	-	-	-	-	-	-	-	-	-	49,741.04	-	49,741.04
Transmission Operations & Services	513	-	-	-	-	-	-	-	-	-	5,123.80	-	-	5,123.80
Transmission Operations & Services	560	-	-	-	587.72	-	-	(0.11)	-	-	-	-	-	587.61
Transmission Operations & Services	561.5	-	-	-	-	-	-	-	(0.01)	-	-	-	-	(0.01)
Transmission Operations & Services	561.7	-	-	-	-	-	-	-	-	-	-	3,136.27	-	3,136.27
Transmission Operations & Services	566	-	-	23,552.00	17.50	-	-	-	-	-	-	-	-	23,569.50
Transmission Operations & Services	570	(0.01)	-	-	-	-	-	(57.42)	-	-	-	526.20	13.52	482.29
Transmission Operations & Services	571	-	-	2,652.70	-	-	-	-	-	-	-	8,150.92	-	10,803.62
Transmission Operations & Services	583	-	-	1,929.86	-	-	-	-	-	-	-	-	-	1,929.86
Transmission Operations & Services Total	**Total**	**97,874.55**	**179,865.97**	**411,951.88**	**1,220,740.03**	**199,683.30**	**138,546.59**	**36,031.41**	**(16,298.54)**	**33,841.73**	**398,973.46**	**189,639.01**	**42,644.35**	**2,933,493.74**
Transportation Services	426.5	-	-	-	-	-	624.02	1,846.31	18.50	-	-	-	702.53	3,191.36
Transportation Services Total	**Total**	**-**	**-**	**-**	**-**	**-**	**624.02**	**1,846.31**	**18.50**	**-**	**-**	**-**	**702.53**	**3,191.36**
Treasury Services	426.5	-	-	-	2.85	11.41	28.58	144.99	1.82	-	-	-	(217.63)	(27.98)
Treasury Services	925	398.38	406.69	333.46	247.56	273.27	109.78	223.47	375.51	393.78	365.22	273.00	(1,925.26)	1,474.86
Treasury Services Total	**Total**	**398.38**	**406.69**	**333.46**	**250.41**	**284.68**	**138.36**	**368.46**	**377.33**	**393.78**	**365.22**	**273.00**	**(2,142.89)**	**1,446.88**
Grand Total	**Total**	**1,060,197.76**	**1,192,800.39**	**956,198.93**	**2,134,138.72**	**944,388.25**	**937,336.16**	**634,695.71**	**521,387.64**	**2,056,276.86**	**745,955.51**	**750,047.08**	**728,357.76**	**12,661,780.77**

Type of Service	**FERC Account**	**JAN-2021**	**FEB-2021**	**MAR-2021**	**APR-2021**	**MAY-2021**	**JUN-2021**	**JUL-2021**	**AUG-2021**	**SEP-2021**	**OCT-2021**	**NOV-2021**	**DEC-2021**	**Grand Total**

Note: Although transactions under the 2018 Utility Money Pool Agreement are not services, for completeness, transactions are as follows:

Lending to the LG&E Money Pool	131	5,341,000.00	-	-	-	-	-	-	-	-	-	-	-	5,341,000.00

Note: Although transactions under the PPL and Consenting Members of Its Consolidated Group Agreement for Filing Consolidated Income Tax Returns and for Allocation of Consolidated Income Tax Liabilities and Benefits are not services, for completeness, transactions are as follows:

Tax Settlements	236	-	-	-	-	-	-	-	-	-	-	-	-	-

2021 VA ARAT
KU Recipient of Service (Payables)
VSCC-2 By Service Affiliate, Service Category, and FERC Account per Month
Order Granting Approval, Appendix 2
CASE NO. PUR-2019-00200

Service Affiliate	Service Category	FERC Account	JAN-2021	FEB-2021	MAR-2021	APR-2021	MAY-2021	JUN-2021	JUL-2021	AUG-2021	SEP-2021	OCT-2021	NOV-2021	DEC-2021	Grand Total
LG&E and KU Services Company	Audit Services	107	0.00	37.24	38.34	38.34	0.00	0.00	0.00	699.08	2,404.01	0.00	0.00	0.00	3,217.01
LG&E and KU Services Company	Audit Services	426.4	0.00	0.00	0.00	0.00	0.00	0.00	55.25	7.93	0.00	0.00	0.00	0.00	63.18
LG&E and KU Services Company	Audit Services	920	62,208.56	58,371.13	70,142.06	63,134.62	59,829.92	64,518.90	60,457.80	59,320.79	219,357.00	39,205.32	37,985.11	33,613.31	828,144.52
LG&E and KU Services Company	Audit Services	921	67.14	191.43	117.67	1,229.40	691.77	232.61	1,612.87	1,512.39	856.95	195.68	131.86	571.04	7,410.81
LG&E and KU Services Company	Audit Services	926	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	329.88	0.00	0.00	0.00	329.88
LG&E and KU Services Company	**Audit Services Total**		**62,275.70**	**58,599.80**	**70,298.07**	**64,402.36**	**60,521.69**	**64,751.51**	**62,125.92**	**61,540.19**	**222,947.84**	**39,401.00**	**38,116.97**	**34,184.35**	**839,165.40**
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	107	8,183.60	10,198.27	6,948.17	4,345.05	4,079.18	8,611.16	1,307.74	9,174.86	1,481.71	16,573.61	3,474.78	11,460.69	85,838.82
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	108	0.00	76.74	422.43	3,302.49	0.00	1,246.39	4,777.95	3,501.32	1,377.14	792.68	2,029.61	26,844.00	44,370.75
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	165	(3,538.07)	(3,538.07)	(3,538.07)	(3,538.07)	(3,679.36)	(3,679.36)	(3,679.36)	(3,679.36)	(3,679.36)	(3,679.36)	(3,679.36)	(3,679.36)	(43,587.16)
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	183	84.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	84.50
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	186	0.00	692.50	0.00	0.00	2,458.38	12,635.00	885.10	0.00	0.00	3,104.80	15,280.80	59,203.70	94,260.28
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	426.4	7,800.00	0.00	1,990.56	0.00	0.00	767.52	1,198.89	1,566.24	0.00	171.60	0.00	0.00	13,494.81
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	426.5	1,239.52	0.00	3,014.94	51.69	111.66	3,354.75	582.63	1,792.47	233.50	23.87	949.97	2,472.50	13,827.50
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	500	4,882.77	4,874.97	5,398.04	5,364.90	5,089.87	5,573.07	5,509.12	4,239.38	5,541.22	5,170.69	4,844.31	4,964.78	61,453.12
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	506	189,337.77	151,873.56	119,591.36	104,570.26	105,963.13	115,042.55	102,066.03	127,110.31	115,619.48	172,214.64	85,220.23	90,188.46	1,478,797.78
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	510	18,694.83	19,726.33	23,075.33	21,757.46	19,005.29	17,985.16	19,091.56	21,818.01	18,394.44	16,198.26	13,768.66	14,348.91	223,864.24
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	566	0.00	995.32	813.42	1,120.09	792.44	739.22	689.81	743.62	1,121.68	846.10	432.82	670.13	8,964.65
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	582	0.00	995.32	1,550.64	1,018.32	898.10	739.22	689.81	743.62	1,442.26	1,057.57	432.82	402.07	9,969.75
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	595	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	428.40	428.40
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	908	0.00	15.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.00
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	920	168,131.43	166,202.16	178,670.72	190,380.70	174,784.43	187,769.43	162,264.37	185,242.19	176,058.18	144,943.21	147,547.76	148,226.45	2,030,221.03
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	921	5,270.02	21,618.53	22,722.58	4,820.59	6,076.02	8,820.79	5,112.85	21,068.99	52,739.87	48,016.64	5,247.96	7,056.15	208,570.99
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	923	384,272.98	245,824.93	196,564.80	144,456.75	149,163.29	405,169.32	101,583.24	331,083.37	185,112.01	231,638.54	61,511.76	360,434.24	2,796,815.23
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	926	1,252.93	(0.00)	(0.00)	(0.00)	0.00	1,017.41	166.03	(0.00)	279.63	0.00	0.00	(0.00)	2,716.00
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	928	0.00	0.00	0.00	2,986.90	3,942.40	672.00	0.00	84,641.10	113,530.20	4,418.20	18,780.60	6,865.70	235,837.10
LG&E and KU Services Company	Compliance, Legal, and Environmental Affairs Services	930.2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	415.52	623.28	0.00	0.00	1,038.80
LG&E and KU Services Company	**Compliance, Legal, and Environmental Affairs Services Total**		**785,612.28**	**619,555.56**	**557,224.92**	**480,637.13**	**468,684.83**	**766,463.63**	**402,245.77**	**789,046.12**	**669,667.48**	**642,114.33**	**355,842.72**	**729,886.82**	**7,266,981.59**
LG&E and KU Services Company	Controller Organization Services	107	44,421.95	58,388.11	54,435.91	50,273.21	33,239.10	5,586.15	0.00	0.00	0.00	0.00	211.22	1,490.28	248,045.93
LG&E and KU Services Company	Controller Organization Services	421.2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	286,208.07	286,208.07
LG&E and KU Services Company	Controller Organization Services	426.4	0.00	0.00	0.00	0.00	0.00	18.42	76.55	106.95	17.81	0.00	0.00	0.00	219.73
LG&E and KU Services Company	Controller Organization Services	426.5	0.00	0.00	0.00	0.00	0.00	44.94	0.00	626.63	0.00	489.59	0.00	589.65	1,750.81
LG&E and KU Services Company	Controller Organization Services	903	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	456.64	0.00	456.64
LG&E and KU Services Company	Controller Organization Services	920	208,751.23	197,418.14	235,203.13	218,719.85	199,371.75	232,709.37	224,833.17	232,598.51	206,095.11	204,480.07	186,597.03	194,422.46	2,541,199.82
LG&E and KU Services Company	Controller Organization Services	921	287.91	(872.58)	898.75	31,818.51	4,595.28	870.77	1,349.80	7,483.53	1,788.48	578.14	247.59	1,498.03	50,544.21
LG&E and KU Services Company	Controller Organization Services	926	0.00	(0.00)	(0.00)	531.12	5,237.36	(0.00)	507.41	367.52	1,561.81	526.93	526.93	1,378.21	10,637.29
LG&E and KU Services Company	**Controller Organization Services Total**		**253,461.09**	**254,933.67**	**290,537.79**	**301,342.69**	**242,443.49**	**239,229.65**	**226,766.93**	**241,183.14**	**209,463.21**	**206,074.73**	**188,039.41**	**485,586.70**	**3,139,062.50**
LG&E and KU Services Company	Corporate Communications and Public Affairs Management Services	107	0.00	0.00	0.00	0.00	0.00	0.00	3.45	0.00	0.00	0.00	0.00	6,738.31	6,741.76
LG&E and KU Services Company	Corporate Communications and Public Affairs Management Services	426.5	1,927.91	0.00	0.00	0.00	0.00	0.00	4,530.34	466.94	0.00	0.00	38.18	108.95	7,072.32
LG&E and KU Services Company	Corporate Communications and Public Affairs Management Services	901	0.00	0.00	0.00	0.00	0.00	691.97	0.00	0.00	0.00	0.00	0.00	0.00	691.97
LG&E and KU Services Company	Corporate Communications and Public Affairs Management Services	920	105,630.64	104,783.62	121,181.33	115,147.85	100,490.86	101,286.28	107,131.52	110,047.91	98,697.84	101,430.06	101,611.38	96,199.71	1,263,639.00
LG&E and KU Services Company	Corporate Communications and Public Affairs Management Services	921	9,078.77	3,281.58	2,273.60	2,156.33	1,756.12	3,479.85	1,392.25	2,836.18	3,268.26	9,088.80	2,242.40	4,575.31	45,429.45
LG&E and KU Services Company	Corporate Communications and Public Affairs Management Services	923	0.00	5,416.95	5,390.00	10,241.00	0.00	4,616.68	0.00	9,844.98	4,344.19	4,966.15	9,944.55	7,697.21	62,461.71
LG&E and KU Services Company	Corporate Communications and Public Affairs Management Services	926	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	28.12	28.12
LG&E and KU Services Company	**Corporate Communications and Public Affairs Management Services Total**		**116,637.32**	**113,482.15**	**128,844.93**	**127,545.18**	**102,246.98**	**110,074.78**	**113,057.56**	**123,196.01**	**106,310.29**	**115,485.01**	**113,836.51**	**115,347.61**	**1,386,064.33**
LG&E and KU Services Company	Corporate Tax and Payroll Organization Services	107	9,757.62	10,242.99	16,601.92	5,676.48	83,504.07	(74,416.69)	(2,314.52)	10,074.23	376.27	(12,079.57)	839.19	(3.52)	48,258.47
LG&E and KU Services Company	Corporate Tax and Payroll Organization Services	232	0.00	0.00	0.00	0.00	0.00	(2,564.88)	(3,489.18)	0.00	0.00	0.00	0.00	0.00	(6,054.06)
LG&E and KU Services Company	Corporate Tax and Payroll Organization Services	408.1	411,190.84	412,959.47	460,667.80	427,310.99	407,488.78	417,651.42	406,373.10	436,178.97	394,630.67	367,533.66	348,622.45	533,697.84	5,024,305.99
LG&E and KU Services Company	Corporate Tax and Payroll Organization Services	426.4	2,136.63	1,989.19	2,283.42	2,159.60	1,825.10	2,094.17	2,130.11	2,171.00	1,873.31	1,946.43	1,815.80	2,645.20	25,069.96
LG&E and KU Services Company	Corporate Tax and Payroll Organization Services	426.5	5,118.61	110.76	76.15	44.07	24.62	196.28	91.57	86.18	26.57	102.19	0.00	146.56	6,023.56
LG&E and KU Services Company	Corporate Tax and Payroll Organization Services	920	64,363.08	62,142.84	76,433.03	67,556.55	112,718.64	19,852.01	64,059.65	73,459.69	389,057.00	(260,479.04)	64,822.75	70,351.42	804,337.62
LG&E and KU Services Company	Corporate Tax and Payroll Organization Services	921	46.15	381.70	38.75	53.61	1,557.89	627.99	1,466.94	1,009.11	1,610.09	368.07	4,047.76	2,359.94	13,568.00
LG&E and KU Services Company	Corporate Tax and Payroll Organization Services	923	1,275.00	(75.00)	400.00	0.00	0.00	800.00	900.00	500.00	0.00	900.00	0.00	950.00	5,650.00
LG&E and KU Services Company	**Corporate Tax and Payroll Organization Services Total**		**493,887.93**	**487,751.95**	**556,501.07**	**502,801.30**	**607,119.10**	**364,240.30**	**469,217.67**	**523,479.18**	**787,573.91**	**98,291.74**	**420,147.95**	**610,147.44**	**5,921,159.54**
LG&E and KU Services Company	Customer and Customer-Related Services	107	27,804.56	32,277.91	31,395.73	32,633.36	35,647.82	36,227.13	40,496.55	42,117.52	89,453.06	116,489.32	89,295.82	894,234.49	1,468,073.27
LG&E and KU Services Company	Customer and Customer-Related Services	184	334.53	443.72	1,104.04	1,069.58	3,264.83	1,925.34	1,842.79	365.04	1,474.56	838.27	971.72	2,119.10	15,753.52
LG&E and KU Services Company	Customer and Customer-Related Services	426.4	0.00	0.00	0.00	0.00	0.00	0.00	8.57	0.00	0.00	0.00	0.00	0.00	8.57
LG&E and KU Services Company	Customer and Customer-Related Services	426.5	1,170.17	2,739.32	1,711.59	987.53	137.99	3,116.69	6,711.82	7,987.15	6,023.06	11,355.45	39,480.46	18,223.47	99,644.70
LG&E and KU Services Company	Customer and Customer-Related Services	580	145.10	5,672.49	126.92	126.92	126.92	327.82	245.80	198.86	247.34	168.36	0.00	4,848.34	12,234.87
LG&E and KU Services Company	Customer and Customer-Related Services	586	60,920.14	63,146.67	74,880.58	64,397.41	59,701.56	70,463.27	62,804.36	75,608.69	65,473.47	67,787.75	60,937.78	71,236.14	797,357.82
LG&E and KU Services Company	Customer and Customer-Related Services	588	0.00	0.00	0.00	0.00	124.25	0.03	0.00	0.00	0.00	0.00	0.00	0.00	124.28
LG&E and KU Services Company	Customer and Customer-Related Services	598	0.00	0.00	96.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	96.09
LG&E and KU Services Company	Customer and Customer-Related Services	901	249,366.26	272,093.48	317,053.38	288,982.64	273,787.00	295,080.14	273,243.05	293,620.54	272,929.91	270,061.58	264,183.75	270,819.88	3,341,221.61
LG&E and KU Services Company	Customer and Customer-Related Services	902	20,907.94	21,069.32	22,748.41	22,068.89	19,453.82	21,015.66	19,445.25	20,624.43	17,905.47	17,751.37	19,030.81	23,663.70	245,685.07
LG&E and KU Services Company	Customer and Customer-Related Services	903	815,257.81	848,761.95	894,009.78	821,251.69	726,984.14	843,927.49	847,143.67	853,751.26	797,879.26	780,478.95	794,933.44	932,951.38	9,957,330.82
LG&E and KU Services Company	Customer and Customer-Related Services	905	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.92	0.00	0.00	30.92
LG&E and KU Services Company	Customer and Customer-Related Services	907	44,769.01	39,546.28	47,612.81	44,050.97	41,817.47	44,343.51	34,472.87	42,246.19	41,874.41	36,525.63	39,976.22	40,763.12	497,998.49
LG&E and KU Services Company	Customer and Customer-Related Services	908	87,402.98	100,136.87	105,199.67	107,299.41	84,916.26	92,997.86	98,733.95	90,468.14	86,790.43	84,909.54	84,519.71	103,287.75	1,126,662.57
LG&E and KU Services Company	Customer and Customer-Related Services	910	42,834.61	43,468.82	44,141.84	38,865.58	36,513.78	44,470.32	44,322.95	41,832.29	40,367.08	39,324.97	41,309.53	67,388.10	524,839.87
LG&E and KU Services Company	Customer and Customer-Related Services	912	0.00	0.00	0.00	0.00	0.00	0.00	0.00	75.97	0.00	0.00	0.00	0.00	75.97
LG&E and KU Services Company	Customer and Customer-Related Services	920	18,041.93	17,549.96	17,881.09	18,954.79	18,406.64	15,315.14	17,013.35	18,771.48	18,509.71	14,051.03	8,018.63	3,833.13	186,346.88
LG&E and KU Services Company	Customer and Customer-Related Services	921	7,389.94	1,866.39	1,096.42	1,252.11	1,915.28	1,357.85	1,973.18	3,354.32	1,730.98	5,235.88	4,714.18	1,661.89	33,548.42
LG&E and KU Services Company	Customer and Customer-Related Services	925	0.00	0.00	0.00	0.00	0.00	4,125.00	0.00	0.00	0.00	0.00	0.00	0.00	4,125.00
LG&E and KU Services Company	Customer and Customer-Related Services	926	5,916.41	3,247.20	3,545.49	5,058.16	7,127.49	4,441.21	4,450.00	2,810.91	(403.04)	(2,975.01)	216.32	6,578.73	40,013.87
LG&E and KU Services Company	**Customer and Customer-Related Services Total**		**1,382,261.39**	**1,452,020.38**	**1,562,603.84**	**1,446,999.04**	**1,309,925.25**	**1,479,134.46**	**1,452,908.16**	**1,493,832.79**	**1,440,255.70**	**1,442,034.01**	**1,447,588.37**	**2,441,609.22**	**18,351,172.61**
LG&E and KU Services Company	Distribution Operations Services	107	116,652.44	122,227.45	123,873.63	106,668.47	233,473.81	162,085.74	94,163.47	202,039.67	235,672.51	125,891.54	277,888.20	284,331.91	2,084,968.84
LG&E and KU Services Company	Distribution Operations Services	108	554.68	1,278.47	2,172.17	2,271.20	3,265.38	4,758.98	1,085.48	2,942.80	2,915.20	1,786.89	1,961.45	2,706.86	27,699.56
LG&E and KU Services Company	Distribution Operations Services	183	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,757.21	8,232.25	9,989.46

2021 VA ARAT
KU Recipient of Service (Payables)
VSCC-2 By Service Affiliate, Service Category, and FERC Account per Month
Order Granting Approval, Appendix 2
CASE NO. PUR-2019-00200

Service Affiliate	Service Category	FERC Account	JAN-2021	FEB-2021	MAR-2021	APR-2021	MAY-2021	JUN-2021	JUL-2021	AUG-2021	SEP-2021	OCT-2021	NOV-2021	DEC-2021	Grand Total
LG&E and KU Services Company	Distribution Operations Services	184	386,489.79	351,881.64	467,266.60	442,212.99	499,116.63	485,400.78	395,495.56	469,473.68	528,127.53	502,647.73	500,773.30	527,578.63	5,556,464.86
LG&E and KU Services Company	Distribution Operations Services	186	0.00	0.00	(2,698.05)	(33,873.25)	0.00	(7,755.60)	0.00	(721.51)	0.00	0.00	(13,353.87)	0.00	(58,402.28)
LG&E and KU Services Company	Distribution Operations Services	426.5	609.03	25.71	0.00	758.95	135.46	130.11	2,324.68	1,346.20	0.00	104.28	17,539.99	26,104.33	49,078.74
LG&E and KU Services Company	Distribution Operations Services	506	821.37	704.31	634.50	1,226.69	831.14	623.36	881.29	885.23	715.84	843.64	690.54	699.66	9,557.57
LG&E and KU Services Company	Distribution Operations Services	566	539.85	572.52	463.34	877.91	517.51	632.48	493.55	466.62	524.29	612.85	567.31	632.95	6,901.18
LG&E and KU Services Company	Distribution Operations Services	580	40,638.64	145,816.61	69,643.44	51,652.35	51,628.85	60,341.32	67,380.74	48,514.00	60,796.04	54,471.11	56,307.61	135,581.84	842,772.55
LG&E and KU Services Company	Distribution Operations Services	582	639.86	1,347.40	1,509.19	25.61	2,110.35	2,681.40	0.00	1,594.01	2,010.49	0.00	587.86	2,239.51	14,745.68
LG&E and KU Services Company	Distribution Operations Services	583	122,177.12	83,031.02	127,533.32	117,579.69	79,433.87	116,276.81	100,977.29	110,096.19	99,742.72	96,178.04	89,426.00	107,292.67	1,249,744.74
LG&E and KU Services Company	Distribution Operations Services	586	3,112.32	1,917.59	1,878.71	1,725.16	7,163.37	4,027.17	5,000.86	3,489.79	2,606.09	1,735.40	1,293.36	677.32	34,627.14
LG&E and KU Services Company	Distribution Operations Services	588	153,272.14	145,147.22	225,263.78	180,913.43	185,188.00	184,281.08	179,505.52	189,004.21	206,148.46	208,175.83	181,244.80	176,626.33	2,214,770.80
LG&E and KU Services Company	Distribution Operations Services	590	0.00	0.00	23.62	1,091.96	127.44	43.23	0.00	14.41	28.78	227.82	53.76	0.00	1,611.02
LG&E and KU Services Company	Distribution Operations Services	592	0.00	0.00	0.00	756.39	79.28	14.00	20.25	0.00	0.00	0.00	0.00	0.00	869.92
LG&E and KU Services Company	Distribution Operations Services	593	12,762.81	13,617.51	14,224.95	14,894.50	16,239.79	15,295.37	17,224.31	17,360.35	14,181.03	14,927.65	18,545.25	13,464.23	182,737.75
LG&E and KU Services Company	Distribution Operations Services	598	0.00	216.15	0.00	0.00	6,684.63	4,045.85	2,940.89	5,139.44	6,052.15	13,759.20	1,521.13	(281.32)	40,078.12
LG&E and KU Services Company	Distribution Operations Services	920	2,464.14	2,277.25	1,903.51	3,764.71	2,493.52	1,953.22	2,636.55	2,701.28	2,119.48	2,493.51	2,291.29	2,513.94	29,612.40
LG&E and KU Services Company	Distribution Operations Services	921	2,362.24	6,933.89	11,129.38	136.80	0.00	84.00	102.78	89.55	27.97	683.62	645.97	187.45	22,383.65
LG&E and KU Services Company	Distribution Operations Services	926	0.00	0.00	1,305.50	0.00	0.00	(769.40)	(0.00)	470.60	2,889.60	642.33	0.00	747.28	5,285.91
LG&E and KU Services Company	**Distribution Operations Services Total**		**843,096.43**	**876,994.74**	**1,046,127.59**	**892,683.56**	**1,088,489.03**	**1,034,149.90**	**870,233.22**	**1,054,906.52**	**1,164,558.18**	**1,025,181.44**	**1,139,741.16**	**1,289,335.84**	**12,325,497.61**
LG&E and KU Services Company	Energy Supply and Analysis Services	107	0.00	0.00	33.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	33.76
LG&E and KU Services Company	Energy Supply and Analysis Services	426.5	0.00	0.00	1,069.52	437.15	0.00	0.00	0.00	88.50	0.00	0.00	122.80	118.00	1,835.97
LG&E and KU Services Company	Energy Supply and Analysis Services	500	28,004.41	26,042.46	26,353.52	26,906.76	25,933.85	32,189.38	29,456.65	30,108.00	28,840.88	27,693.29	25,427.37	26,711.16	333,667.73
LG&E and KU Services Company	Energy Supply and Analysis Services	556	194,137.65	184,094.55	213,956.29	197,966.72	181,636.93	198,832.74	191,921.44	197,678.29	195,248.64	187,594.22	194,484.15	216,099.88	2,353,651.50
LG&E and KU Services Company	Energy Supply and Analysis Services	921	40,224.50	126,752.25	13,866.16	338.72	2,417.16	16,286.05	2,599.32	1,762.06	2,270.68	1,716.45	8,080.04	3,544.62	219,858.01
LG&E and KU Services Company	Energy Supply and Analysis Services	926	0.00	40.49	0.00	0.00	0.00	0.00	0.00	0.00	(616.66)	0.00	0.00	424.50	(151.67)
LG&E and KU Services Company	**Energy Supply and Analysis Services Total**		**262,366.56**	**336,929.75**	**255,279.25**	**225,649.35**	**209,987.94**	**247,308.17**	**223,977.41**	**229,636.85**	**225,743.54**	**217,003.96**	**228,114.36**	**246,898.16**	**2,908,895.30**
LG&E and KU Services Company	Executive Management Services	107	(0.00)	2.28	1,448.35	(1,448.50)	1,629.58	525.34	875.50	0.00	0.00	0.00	0.00	0.00	3,032.55
LG&E and KU Services Company	Executive Management Services	108	3,718.31	3,884.29	2,850.97	5,701.92	1,900.65	3,493.23	1,838.55	4,044.70	3,172.77	3,921.37	2,759.51	2,470.48	39,756.75
LG&E and KU Services Company	Executive Management Services	146	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27.04	27.04
LG&E and KU Services Company	Executive Management Services	184	17,876.39	20,742.65	20,126.71	22,196.50	25,825.76	29,769.72	32,201.23	37,505.87	36,365.42	30,605.34	31,244.19	36,125.63	340,585.41
LG&E and KU Services Company	Executive Management Services	426.4	35,199.79	66,017.43	32,312.16	79,037.36	28,855.79	67,505.15	38,158.42	51,644.11	35,541.30	46,760.05	53,309.96	50,160.07	584,501.59
LG&E and KU Services Company	Executive Management Services	426.5	97,890.66	40,018.15	994.69	2,371.61	788.71	4,352.41	2,054.53	7,888.79	4,137.87	2,235.73	4,980.23	6,725.29	174,438.67
LG&E and KU Services Company	Executive Management Services	500	14,072.41	19,507.49	22,356.44	14,602.49	20,918.19	20,817.64	14,649.68	17,620.34	14,335.09	16,010.99	14,693.65	16,652.99	206,237.40
LG&E and KU Services Company	Executive Management Services	506	0.00	0.00	0.00	0.00	0.00	2,967.36	0.00	0.00	0.00	0.00	0.00	0.00	2,967.36
LG&E and KU Services Company	Executive Management Services	510	18,227.30	18,737.15	13,511.14	23,708.24	14,033.01	6,245.72	0.00	0.00	4,206.30	9,177.39	20,217.78	15,881.61	143,945.64
LG&E and KU Services Company	Executive Management Services	512	1,372.34	0.00	0.00	0.00	0.00	1,147.17	0.00	0.00	0.00	0.00	0.00	0.00	2,519.51
LG&E and KU Services Company	Executive Management Services	556	17,514.14	17,779.90	13,098.67	11,713.48	9,895.14	2,379.31	9,816.05	12,624.69	13,364.62	10,709.03	13,168.61	12,903.86	144,967.50
LG&E and KU Services Company	Executive Management Services	560	7,443.86	7,550.46	8,779.06	7,770.37	6,359.36	6,435.61	7,325.88	7,820.49	7,902.81	7,131.02	6,499.64	6,681.08	87,699.64
LG&E and KU Services Company	Executive Management Services	566	1,025.82	826.96	798.80	811.88	760.29	470.33	541.41	1,298.13	825.50	217.82	1,601.62	421.69	9,600.25
LG&E and KU Services Company	Executive Management Services	570	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29.78	29.78
LG&E and KU Services Company	Executive Management Services	580	4,300.56	5,020.29	4,740.77	5,385.64	5,133.78	4,279.57	3,954.09	5,241.00	4,692.45	3,792.17	4,418.77	4,960.73	55,919.82
LG&E and KU Services Company	Executive Management Services	901	10,941.40	10,639.86	12,477.20	10,985.75	10,105.04	11,970.37	10,909.44	10,860.42	11,852.18	10,514.79	9,769.78	10,185.76	131,211.99
LG&E and KU Services Company	Executive Management Services	920	273,328.17	271,944.87	310,898.62	296,484.21	236,975.46	281,948.45	235,704.78	268,753.38	245,054.10	285,393.64	255,305.79	256,699.34	3,218,490.81
LG&E and KU Services Company	Executive Management Services	921	3,289.29	5,899.09	6,164.06	7,445.85	8,204.95	19,157.33	5,375.24	6,879.11	4,665.40	8,842.56	9,539.77	11,581.77	97,044.42
LG&E and KU Services Company	Executive Management Services	923	18,403.84	26,502.32	30,676.36	72,111.42	49,142.50	387,701.60	1,181.44	4,683.10	0.00	230.00	766.80	1,117.80	592,517.18
LG&E and KU Services Company	Executive Management Services	926	(0.00)	0.00	(0.00)	(0.00)	(0.00)	65.00	0.00	(0.00)	1,114.90	1,571.56	144.71	5,564.34	8,460.51
LG&E and KU Services Company	Executive Management Services	928	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18,255.00	0.00	0.00	0.00	18,255.00
LG&E and KU Services Company	**Executive Management Services Total**		**524,604.28**	**515,073.19**	**481,234.00**	**558,878.22**	**420,528.21**	**851,231.31**	**364,586.24**	**436,864.13**	**405,485.71**	**437,113.46**	**428,420.81**	**438,189.26**	**5,862,208.82**
LG&E and KU Services Company	Financial Planning and Budgeting Services	107	5,471.87	6,967.93	7,063.04	19,729.00	17,549.85	19,935.51	12,819.41	9,654.02	6,758.80	6,685.61	7,200.81	7,128.92	126,964.77
LG&E and KU Services Company	Financial Planning and Budgeting Services	108	7,747.17	7,805.13	8,955.47	5,123.18	4,325.25	4,799.15	4,366.81	4,708.47	4,428.16	4,559.24	3,515.21	3,298.04	63,631.28
LG&E and KU Services Company	Financial Planning and Budgeting Services	183	0.00	0.00	0.00	236.14	236.14	204.87	253.07	168.70	0.00	0.00	0.00	0.00	1,098.92
LG&E and KU Services Company	Financial Planning and Budgeting Services	426.4	0.00	0.00	0.00	0.00	0.00	14.21	20.69	41.30	0.00	0.00	0.00	0.00	76.20
LG&E and KU Services Company	Financial Planning and Budgeting Services	426.5	322.60	0.00	0.00	0.00	0.00	49.76	0.00	101.23	0.00	0.00	181.56	260.20	915.35
LG&E and KU Services Company	Financial Planning and Budgeting Services	500	472.98	501.58	589.68	664.71	633.28	566.61	710.79	626.60	453.32	453.29	544.49	574.65	6,791.98
LG&E and KU Services Company	Financial Planning and Budgeting Services	920	163,106.68	162,901.24	179,939.92	166,505.90	150,311.49	155,815.34	162,231.54	172,511.32	160,242.44	154,065.46	142,287.42	164,044.49	1,933,963.24
LG&E and KU Services Company	Financial Planning and Budgeting Services	921	419.51	1,031.16	2,496.50	274.08	1,100.59	707.98	1,240.87	2,538.79	1,142.86	213.30	408.85	1,898.46	13,472.95
LG&E and KU Services Company	Financial Planning and Budgeting Services	926	0.00	0.00	0.00	0.00	(0.00)	0.00	0.00	0.00	0.00	0.00	0.00	874.59	874.59
LG&E and KU Services Company	**Financial Planning and Budgeting Services Total**		**177,540.81**	**179,207.04**	**199,044.61**	**192,533.01**	**174,156.60**	**182,093.43**	**181,643.18**	**190,350.43**	**173,025.58**	**165,976.90**	**154,138.34**	**178,079.35**	**2,147,789.28**
LG&E and KU Services Company	HR Services	107	292.96	(237.00)	10,280.31	(6,509.75)	25,964.18	(14,280.94)	(625.18)	3,735.91	2,463.18	8,696.88	11,613.34	13,671.26	55,065.15
LG&E and KU Services Company	HR Services	184	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22,043.98	22,043.98
LG&E and KU Services Company	HR Services	186	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,770.00	21,770.00
LG&E and KU Services Company	HR Services	426.4	7,603.02	7,078.30	8,125.30	7,684.73	6,494.49	6,276.75	6,203.94	6,373.47	6,678.99	6,939.75	6,769.02	8,845.60	85,073.36
LG&E and KU Services Company	HR Services	426.5	3,560.81	3,607.91	3,980.06	3,974.29	5,355.04	636.45	12,960.23	4,142.41	5,052.97	5,384.04	6,753.54	8,048.45	63,456.20
LG&E and KU Services Company	HR Services	500	0.00	0.00	0.00	0.00	0.00	38.80	0.00	0.00	0.00	0.00	0.00	431.97	470.77
LG&E and KU Services Company	HR Services	506	221.62	460.48	452.53	135.27	1,224.02	576.87	160.19	414.08	623.08	217.24	680.63	179.53	5,345.54
LG&E and KU Services Company	HR Services	580	243.45	126.70	53.43	0.00	752.79	698.22	237.62	1,305.11	755.01	617.60	153.13	1,167.44	6,110.50
LG&E and KU Services Company	HR Services	583	0.00	0.00	0.00	0.00	2,700.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,700.00
LG&E and KU Services Company	HR Services	588	0.00	0.00	0.00	0.00	200.00	0.00	0.00	0.00	305.00	0.00	0.00	0.00	505.00
LG&E and KU Services Company	HR Services	903	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
LG&E and KU Services Company	HR Services	920	233,403.68	225,292.70	258,355.27	242,526.62	214,906.36	213,341.42	207,849.09	244,080.69	225,256.98	221,492.81	206,513.58	221,835.07	2,714,854.27
LG&E and KU Services Company	HR Services	921	8,950.48	16,173.69	14,776.47	32,803.09	15,490.79	19,223.67	7,700.27	34,364.06	27,335.63	43,767.22	46,257.63	30,697.65	297,540.65
LG&E and KU Services Company	HR Services	923	22,314.74	(1,222.88)	(2,750.02)	0.00	0.00	220.50	0.00	1,462.65	36.75	294.00	159.25	0.00	20,514.99
LG&E and KU Services Company	HR Services	926	1,393,004.70	1,384,853.21	1,654,539.85	1,422,427.38	1,399,816.13	1,201,903.96	1,150,234.62	1,252,072.44	1,504,267.09	1,258,163.54	1,239,171.44	1,687,152.24	16,547,606.60
LG&E and KU Services Company	HR Services	930.2	0.00	(73.50)	2,617.77	96.08	0.00	(1,776.34)	2,587.20	4,679.50	0.00	(4,679.50)	141.80	(2,587.20)	1,005.81
LG&E and KU Services Company	**HR Services Total**		**1,669,595.46**	**1,636,059.61**	**1,950,430.97**	**1,703,137.71**	**1,672,903.80**	**1,426,959.36**	**1,387,307.98**	**1,552,630.32**	**1,772,774.68**	**1,540,893.58**	**1,518,213.36**	**2,013,255.99**	**19,844,162.82**
LG&E and KU Services Company	IT Services	107	1,376,049.38	1,731,143.66	1,615,494.16	1,532,661.49	1,084,569.09	1,678,381.09	1,298,933.55	1,753,069.66	925,630.03	754,709.10	1,050,495.91	1,512,240.79	16,313,377.91
LG&E and KU Services Company	IT Services	165	752,730.41	321,755.87	298,248.96	1,553,982.60	2,054,110.75	481,531.68	365,275.50	597,546.76	179,339.76	1,492,432.12	939,482.99	1,852,207.43	10,888,644.83
LG&E and KU Services Company	IT Services	183	1,472.73	1,445.01	0.00	0.00	0.00	0.00	0.00	0.00	895.58	29.32	1,662.50	3,167.41	8,672.55

2021 VA ARAT
KU Recipient of Service (Payables)
VSCC-2 By Service Affiliate, Service Category, and FERC Account per Month
Order Granting Approval, Appendix 2
CASE NO. PUR-2019-00200

Service Affiliate	Service Category	FERC Account	JAN-2021	FEB-2021	MAR-2021	APR-2021	MAY-2021	JUN-2021	JUL-2021	AUG-2021	SEP-2021	OCT-2021	NOV-2021	DEC-2021	Grand Total
LG&E and KU Services Company	IT Services	184	41,618.66	21,335.86	32,365.70	64,220.23	23,655.66	74,873.30	54,252.38	43,552.78	31,264.98	22,084.89	28,861.33	18,609.68	456,695.45
LG&E and KU Services Company	IT Services	426.5	226.01	1,680.53	717.20	(1,287.93)	286.93	773.07	1,421.40	2,058.66	985.84	1,018.31	3,790.94	11,542.82	23,213.78
LG&E and KU Services Company	IT Services	506	0.00	0.00	1,585.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,630.22	1,664.03	5,879.93
LG&E and KU Services Company	IT Services	561.7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,596.00	1,596.00
LG&E and KU Services Company	IT Services	566	0.00	0.00	0.00	1,076.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,076.40
LG&E and KU Services Company	IT Services	580	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35.12	0.00	0.00	35.12
LG&E and KU Services Company	IT Services	586	0.00	0.00	3,672.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,672.00
LG&E and KU Services Company	IT Services	588	0.00	0.00	2,641.57	0.00	0.00	0.00	104.94	0.00	2,000.00	0.00	0.00	1,800.52	6,547.03
LG&E and KU Services Company	IT Services	902	0.00	9,507.15	0.00	4,370.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,877.85
LG&E and KU Services Company	IT Services	903	262.36	0.00	0.00	951.80	225.20	0.00	20.60	187.36	0.00	0.00	767.04	1,536.00	3,950.36
LG&E and KU Services Company	IT Services	908	82.54	83.26	82.88	82.88	83.18	83.04	85.64	84.46	84.58	84.08	84.14	84.14	1,004.82
LG&E and KU Services Company	IT Services	920	1,104,266.51	1,063,918.85	1,213,441.17	1,124,398.92	1,055,340.75	1,140,035.28	1,014,751.01	1,129,260.13	1,093,439.83	995,325.72	941,594.09	1,028,977.24	12,904,749.50
LG&E and KU Services Company	IT Services	921	108,720.90	130,691.28	120,743.72	154,583.85	119,860.73	163,142.31	109,000.83	115,679.01	112,784.02	114,877.71	131,373.09	130,928.84	1,512,386.29
LG&E and KU Services Company	IT Services	923	168,557.17	166,675.24	17,279.73	302,547.26	234,923.42	191,479.27	266,120.40	265,091.97	194,960.26	197,762.10	290,959.49	318,737.40	2,615,093.71
LG&E and KU Services Company	IT Services	926	4,667.93	3,679.65	800.98	(6,940.49)	18,696.17	1,146.09	1,768.77	3,069.41	342.07	2,907.19	35.14	4,468.67	34,641.58
LG&E and KU Services Company	IT Services	931	0.00	0.00	0.00	9,620.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,620.00
LG&E and KU Services Company	IT Services	935	67,585.58	85,376.18	47,354.52	52,856.34	52,889.28	51,269.78	55,932.49	72,163.63	63,190.72	58,658.36	48,823.73	54,706.28	710,806.89
LG&E and KU Services Company	**IT Services Total**		**3,626,240.18**	**3,537,292.54**	**3,354,428.27**	**4,793,124.05**	**4,644,641.16**	**3,782,714.91**	**3,167,667.51**	**3,981,763.83**	**2,604,917.67**	**3,639,924.02**	**3,440,560.61**	**4,942,267.25**	**45,515,542.00**
LG&E and KU Services Company	Operating Services	107	146,600.42	78,856.60	95,771.77	107,137.16	89,263.64	159,333.57	91,959.49	243,640.75	394,576.09	90,086.05	343,694.03	453,741.05	2,294,660.62
LG&E and KU Services Company	Operating Services	108	5,293.12	3,318.21	2,742.03	6,951.14	3,523.65	4,167.32	3,235.90	3,709.60	38,829.08	3,848.48	5,353.63	9,464.19	90,436.35
LG&E and KU Services Company	Operating Services	165	(9,373.72)	0.00	93,737.24	(9,373.72)	(9,373.72)	(9,373.72)	(9,373.72)	(9,373.72)	(9,373.72)	(9,373.72)	(9,373.72)	(9,373.72)	0.04
LG&E and KU Services Company	Operating Services	183	0.00	0.00	0.00	35.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,429.80	7,465.26
LG&E and KU Services Company	Operating Services	184	205,932.98	208,585.33	355,869.92	32,815.03	202,009.32	117,260.53	192,466.38	198,413.30	175,035.36	201,501.77	203,765.97	185,859.90	2,279,515.79
LG&E and KU Services Company	Operating Services	426.4	92.07	97.28	92.07	92.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	373.49
LG&E and KU Services Company	Operating Services	426.5	41.53	0.00	0.00	0.00	427.50	477.82	1,103.52	656.62	186.20	31.45	0.00	4,417.21	7,341.85
LG&E and KU Services Company	Operating Services	454	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(472.49)	0.00	0.00	0.00	0.00	(472.49)
LG&E and KU Services Company	Operating Services	500	0.00	0.00	0.00	39.04	0.00	0.00	0.00	79.84	341.93	339.72	594.13	153.65	1,548.31
LG&E and KU Services Company	Operating Services	502	0.00	0.00	0.00	65.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	65.74
LG&E and KU Services Company	Operating Services	506	62,162.13	70,625.00	(74,560.31)	121,584.63	60,149.36	0.00	57,927.48	62,360.88	64,291.26	62,994.97	60,950.84	121,260.07	669,746.31
LG&E and KU Services Company	Operating Services	510	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,985.98	0.00	1,985.98
LG&E and KU Services Company	Operating Services	511	328.64	0.00	1,140.95	903.98	12,190.48	3,324.45	12,003.96	1,123.99	3,218.55	1,287.35	2,410.21	1,499.15	39,431.71
LG&E and KU Services Company	Operating Services	513	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,505.28	0.00	4,373.04	0.00	8,878.32
LG&E and KU Services Company	Operating Services	514	0.00	0.00	0.00	5,685.58	0.00	687.80	1,315.80	6,460.10	490.00	10,469.27	1,324.50	1,430.07	27,863.12
LG&E and KU Services Company	Operating Services	556	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	65.74	65.74
LG&E and KU Services Company	Operating Services	560	0.00	0.00	0.00	0.00	0.00	0.00	42.07	0.00	0.00	0.00	119.57	0.00	161.64
LG&E and KU Services Company	Operating Services	561.1	0.00	0.00	0.00	0.00	91.08	1,999.60	958.76	0.00	86.71	0.00	79.67	0.00	3,215.82
LG&E and KU Services Company	Operating Services	566	17,340.41	14,152.19	13,847.38	12,320.96	5,057.59	6,434.33	3,991.99	3,433.28	5,508.73	3,412.86	4,746.60	4,249.36	94,495.68
LG&E and KU Services Company	Operating Services	571	0.00	225.00	0.00	0.00	810.00	0.00	150.00	0.00	0.00	0.00	0.00	130.00	1,315.00
LG&E and KU Services Company	Operating Services	573	2,725.14	61.01	5,463.40	1,801.59	2,535.00	2,444.34	9,624.87	5,021.86	10,203.05	4,149.93	15,491.02	7,446.73	66,967.94
LG&E and KU Services Company	Operating Services	580	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,530.95	2,530.95
LG&E and KU Services Company	Operating Services	583	38.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38.24
LG&E and KU Services Company	Operating Services	586	0.00	0.00	0.00	921.65	0.00	0.00	405.00	0.00	0.00	0.00	250.20	85.12	1,661.97
LG&E and KU Services Company	Operating Services	588	31,349.53	31,869.94	39,695.32	35,881.26	26,827.52	29,185.41	27,154.17	26,598.81	29,055.02	27,736.01	27,276.98	28,102.27	360,732.24
LG&E and KU Services Company	Operating Services	593	0.00	0.00	0.00	0.00	0.00	0.00	600.00	0.00	0.00	0.00	0.00	0.00	600.00
LG&E and KU Services Company	Operating Services	598	14,475.63	1,501.37	31,658.68	13,785.10	9,391.00	11,759.38	14,075.77	7,631.97	15,266.56	13,540.65	10,688.99	17,340.00	161,115.10
LG&E and KU Services Company	Operating Services	910	28,900.64	23,336.64	28,956.07	25,402.67	23,618.14	26,414.50	25,787.85	25,949.53	25,222.21	27,612.59	26,622.79	24,417.24	312,240.87
LG&E and KU Services Company	Operating Services	920	115,306.30	110,369.07	121,186.11	125,796.00	111,906.83	120,974.52	113,202.29	125,596.88	127,801.83	121,012.58	115,529.67	113,870.07	1,422,552.15
LG&E and KU Services Company	Operating Services	921	256,248.30	317,060.60	350,088.85	270,773.63	262,761.87	213,912.92	301,636.73	314,506.61	275,463.71	216,848.73	272,059.26	312,158.43	3,363,519.64
LG&E and KU Services Company	Operating Services	923	0.00	4,986.69	4,776.90	14,078.23	2,792.26	7,652.26	4,513.69	6,990.66	4,310.40	2,968.52	3,607.73	4,459.79	61,137.13
LG&E and KU Services Company	Operating Services	926	1,534.50	1,951.48	0.00	482.16	466.48	733.53	466.48	1,184.23	782.11	466.48	699.72	5,247.81	14,014.98
LG&E and KU Services Company	Operating Services	931	124,916.74	113,316.27	141,434.48	90,363.32	112,438.31	111,923.96	112,168.44	122,406.72	119,150.00	112,437.64	114,712.01	504,696.74	1,779,964.63
LG&E and KU Services Company	Operating Services	935	12,619.97	348.03	38,714.80	55,100.39	41,090.21	64,264.86	48,717.67	27,436.18	61,485.91	36,394.89	40,859.17	69,735.95	496,768.03
LG&E and KU Services Company	**Operating Services Total**		**1,016,532.57**	**980,660.71**	**1,250,615.66**	**912,643.07**	**957,976.52**	**873,577.38**	**1,014,134.59**	**1,173,355.60**	**1,346,436.27**	**927,766.22**	**1,247,821.99**	**1,870,417.57**	**13,571,938.15**
LG&E and KU Services Company	Power Production and Generation Services	107	212,639.03	220,310.30	244,445.59	265,345.62	209,110.53	203,818.86	182,977.29	207,228.65	196,156.18	202,880.55	185,937.32	200,696.74	2,531,546.66
LG&E and KU Services Company	Power Production and Generation Services	108	151,190.12	138,278.52	144,787.59	184,907.43	136,703.73	145,681.20	147,122.17	156,431.81	156,117.73	152,304.80	143,471.15	135,902.06	1,792,898.31
LG&E and KU Services Company	Power Production and Generation Services	163	27,894.25	26,279.48	31,252.62	27,706.51	27,751.54	25,188.79	26,771.80	32,092.63	30,766.99	43,137.40	39,978.26	51,424.32	390,244.59
LG&E and KU Services Company	Power Production and Generation Services	165	(8,130.88)	(8,130.88)	(8,130.88)	91,065.80	(6,616.85)	(6,616.85)	(26,951.32)	13,717.62	(6,616.85)	(6,616.85)	(6,616.85)	(6,616.85)	13,738.36
LG&E and KU Services Company	Power Production and Generation Services	182.3	0.00	0.00	0.00	0.00	0.00	0.00	749.22	1,833.53	733.59	749.34	375.05	6,455.52	10,896.25
LG&E and KU Services Company	Power Production and Generation Services	183	47,047.04	20,498.11	75,495.49	9,697.75	0.00	1,633.31	1,633.31	816.65	0.00	0.00	0.00	(32,965.11)	123,856.55
LG&E and KU Services Company	Power Production and Generation Services	184	34,362.87	33,526.20	41,024.17	46,721.26	41,427.09	34,886.78	33,600.59	33,631.30	32,656.21	43,834.96	42,220.57	49,403.09	467,295.09
LG&E and KU Services Company	Power Production and Generation Services	426.5	11,753.80	1,890.92	(1,039.83)	436.45	2,955.19	1,065.65	195.44	1,790.58	545.32	2,335.95	3,453.81	6,762.57	32,145.85
LG&E and KU Services Company	Power Production and Generation Services	500	45,682.39	49,555.23	46,389.23	39,148.94	44,064.81	43,743.05	55,041.97	55,587.13	50,849.16	53,533.38	56,411.69	58,569.94	598,576.92
LG&E and KU Services Company	Power Production and Generation Services	501	61,917.42	62,178.55	69,658.66	62,721.40	65,825.16	73,983.32	103,926.86	79,797.67	73,131.41	66,588.29	67,897.92	68,840.15	856,466.81
LG&E and KU Services Company	Power Production and Generation Services	502	641.10	401.67	614.63	409.34	476.45	391.10	272.63	479.54	776.00	0.00	0.00	0.00	4,462.46
LG&E and KU Services Company	Power Production and Generation Services	506	40,292.42	45,884.25	59,823.82	53,107.54	51,381.20	51,328.27	48,264.34	52,397.43	49,361.20	55,647.49	57,016.85	56,584.74	621,089.55
LG&E and KU Services Company	Power Production and Generation Services	510	105,271.89	226,476.58	182,643.45	117,575.10	168,436.89	149,725.09	159,513.93	173,736.90	169,459.24	188,984.39	145,977.36	156,082.35	1,943,883.17
LG&E and KU Services Company	Power Production and Generation Services	511	19,012.82	27,901.02	6,151.91	8,767.10	1,477.84	4,651.76	203.92	5,517.31	11,964.62	11,468.28	16,292.02	12,234.06	125,642.66
LG&E and KU Services Company	Power Production and Generation Services	512	0.00	9.11	0.00	0.00	0.00	0.00	0.00	0.00	1,661.73	5,601.36	8,792.37	14,327.34	30,391.91
LG&E and KU Services Company	Power Production and Generation Services	513	18,757.16	(4,409.87)	2,951.73	109,976.23	35,909.79	6,652.72	21.29	0.00	0.00	0.00	0.00	746.72	170,605.77
LG&E and KU Services Company	Power Production and Generation Services	514	671.60	839.31	1,212.97	948.81	433.62	2,331.74	1,131.69	1,343.85	1,728.78	1,215.81	1,154.52	1,754.60	14,767.30
LG&E and KU Services Company	Power Production and Generation Services	566	2,195.03	1,379.03	2,800.72	1,790.51	1,003.22	1,923.42	945.54	1,425.39	2,177.03	1,838.80	1,212.72	750.25	19,441.66
LG&E and KU Services Company	Power Production and Generation Services	588	4,225.09	5,546.29	10,246.11	10,093.96	6,460.62	4,890.38	4,933.20	4,588.52	5,686.74	5,946.93	5,497.39	4,780.22	72,895.45
LG&E and KU Services Company	Power Production and Generation Services	595	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	334.46	334.46
LG&E and KU Services Company	Power Production and Generation Services	903	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	154.69	0.00	0.00	154.69
LG&E and KU Services Company	Power Production and Generation Services	920	66.78	0.00	2,780.59	4,967.59	5,287.36	3,238.51	793.10	2,735.92	0.00	0.00	0.00	0.00	19,869.85
LG&E and KU Services Company	Power Production and Generation Services	921	15,691.79	3,414.82	804.33	18,003.65	192.57	10,926.07	13,415.84	8,292.04	6,572.61	12,105.85	10,710.66	23,834.39	123,964.62
LG&E and KU Services Company	Power Production and Generation Services	926	2,691.40	0.00	0.00	0.00	1,937.83	1,507.10	1,911.63	0.00	0.00	0.00	0.00	7,365.77	15,413.73

2021 VA ARAT
KU Recipient of Service (Payables)
VSCC-2 By Service Affiliate, Service Category, and FERC Account per Month
Order Granting Approval, Appendix 2
CASE NO. PUR-2019-00200

Service Affiliate	Service Category	FERC Account	JAN-2021	FEB-2021	MAR-2021	APR-2021	MAY-2021	JUN-2021	JUL-2021	AUG-2021	SEP-2021	OCT-2021	NOV-2021	DEC-2021	Grand Total
LG&E and KU Services Company	Power Production and Generation Services	930.2	19,950.49	20,324.29	28,370.74	28,061.65	26,862.24	32,325.44	50,078.20	22,685.30	36,211.79	24,778.11	26,025.03	26,638.81	342,312.09
LG&E and KU Services Company	**Power Production and Generation Services Total**		**813,823.61**	**872,152.93**	**942,283.64**	**1,081,452.64**	**821,080.83**	**793,275.71**	**806,552.64**	**856,129.77**	**819,939.48**	**866,489.53**	**805,807.84**	**843,906.14**	**10,322,894.76**
LG&E and KU Services Company	Regulatory Affairs and Government Affairs Management Services	426.4	0.00	0.00	0.00	0.00	0.00	0.00	542.71	0.00	0.00	0.00	0.00	0.00	542.71
LG&E and KU Services Company	Regulatory Affairs and Government Affairs Management Services	920	10,564.01	10,684.06	11,501.14	10,867.41	7,550.42	9,808.03	7,649.18	12,343.69	11,496.61	11,684.40	10,389.98	12,662.39	127,201.32
LG&E and KU Services Company	Regulatory Affairs and Government Affairs Management Services	921	158.08	(3.99)	380.70	68.08	2,403.56	367.65	398.94	366.51	1,287.31	376.81	380.08	399.11	6,582.84
LG&E and KU Services Company	**Regulatory Affairs and Government Affairs Management Services Total**		**10,722.09**	**10,680.07**	**11,881.84**	**10,935.49**	**9,953.98**	**10,175.68**	**8,590.83**	**12,710.20**	**12,783.92**	**12,061.21**	**10,770.06**	**13,061.50**	**134,326.87**
LG&E and KU Services Company	Safety and Technical Training	107	61,065.15	1,235.47	0.00	0.00	0.00	593.23	48,230.00	0.00	4.16	21.56	32.36	3,123.58	114,305.51
LG&E and KU Services Company	Safety and Technical Training	426.5	0.00	0.00	0.00	0.00	0.00	0.00	295.94	0.00	1,457.96	0.00	574.17	2,199.03	4,527.10
LG&E and KU Services Company	Safety and Technical Training	500	39,344.16	37,848.02	109,639.65	44,059.52	45,160.76	48,100.70	45,515.57	45,816.54	39,440.59	36,611.51	41,884.40	44,785.57	578,206.99
LG&E and KU Services Company	Safety and Technical Training	506	0.00	0.00	3,404.93	0.00	518.48	828.52	855.77	1,222.90	14,123.87	89.16	85.75	327.10	21,456.48
LG&E and KU Services Company	Safety and Technical Training	510	0.00	0.00	741.92	0.00	0.00	0.00	0.00	1,118.36	0.00	0.00	0.00	0.00	1,860.28
LG&E and KU Services Company	Safety and Technical Training	511	0.00	0.00	0.00	0.00	0.00	328.04	0.00	0.00	0.00	0.00	0.00	0.00	328.04
LG&E and KU Services Company	Safety and Technical Training	514	0.00	0.00	887.67	0.00	0.00	0.00	0.00	0.00	0.00	8,127.69	0.00	0.00	9,015.36
LG&E and KU Services Company	Safety and Technical Training	556	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38.52	0.00	0.00	38.52
LG&E and KU Services Company	Safety and Technical Training	560	15,908.27	16,151.68	19,131.24	16,704.97	15,471.24	15,351.27	17,760.52	17,995.99	15,788.36	16,149.35	15,558.38	13,797.19	195,768.46
LG&E and KU Services Company	Safety and Technical Training	561.5	0.00	0.00	576.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	576.99
LG&E and KU Services Company	Safety and Technical Training	566	0.00	0.00	576.99	0.00	0.00	90.00	269.10	0.00	0.00	246.99	0.00	0.00	1,183.08
LG&E and KU Services Company	Safety and Technical Training	580	114,576.27	75,178.88	84,914.57	73,081.92	69,703.96	78,987.65	68,907.76	70,216.16	66,669.21	77,203.22	69,377.05	57,423.38	906,240.03
LG&E and KU Services Company	Safety and Technical Training	586	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	712.97	0.00	0.00	0.00	712.97
LG&E and KU Services Company	Safety and Technical Training	588	14,636.09	71,869.48	35,515.50	8,186.04	14,820.21	22,950.86	5,088.96	20,851.96	6,350.21	16,797.55	8,104.49	14,405.73	239,577.08
LG&E and KU Services Company	Safety and Technical Training	902	0.00	0.00	381.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	381.70
LG&E and KU Services Company	Safety and Technical Training	903	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	653.55	0.00	0.00	0.00	653.55
LG&E and KU Services Company	Safety and Technical Training	909	0.00	0.00	0.00	0.00	0.00	0.00	0.00	28,536.62	0.00	0.00	0.00	0.00	28,536.62
LG&E and KU Services Company	Safety and Technical Training	920	15,705.00	15,343.50	18,559.79	17,200.06	15,873.39	15,564.14	14,704.97	16,904.75	16,299.59	13,847.26	14,286.41	13,041.76	187,330.62
LG&E and KU Services Company	Safety and Technical Training	921	2,590.56	3,797.06	4,551.10	1,896.46	1,245.57	9,099.70	2,340.94	2,033.40	6,576.49	2,603.92	3,849.26	4,334.70	44,919.16
LG&E and KU Services Company	Safety and Technical Training	926	1,427.86	0.00	(0.00)	0.00	(0.00)	0.00	(816.36)	390.41	529.20	448.03	2,600.92	0.00	4,580.06
LG&E and KU Services Company	**Safety and Technical Training Total**		**265,253.36**	**221,424.09**	**278,882.05**	**161,128.97**	**162,793.61**	**191,894.11**	**203,153.17**	**205,087.09**	**168,606.16**	**172,184.76**	**156,353.19**	**153,438.04**	**2,340,198.60**
LG&E and KU Services Company	Sarbanes-Oxley Compliance Services	920	9,233.08	9,302.35	9,949.23	10,095.61	8,046.33	10,314.70	9,620.05	9,582.84	9,985.54	8,504.27	6,331.46	5,956.84	106,922.30
LG&E and KU Services Company	Sarbanes-Oxley Compliance Services	921	23.39	52.65	(0.43)	17.97	30.34	17.38	251.31	18.36	18.39	19.26	18.45	18.85	485.92
LG&E and KU Services Company	**Sarbanes-Oxley Compliance Services Total**		**9,256.47**	**9,355.00**	**9,948.80**	**10,113.58**	**8,076.67**	**10,332.08**	**9,871.36**	**9,601.20**	**10,003.93**	**8,523.53**	**6,349.91**	**5,975.69**	**107,408.22**
LG&E and KU Services Company	Supply Chain and Logistics Services	107	27,937.53	39,340.41	28,438.65	33,813.86	20,490.01	9,622.81	438.76	1,528.87	0.00	0.00	333.88	10,032.61	171,977.39
LG&E and KU Services Company	Supply Chain and Logistics Services	108	13.63	34.01	9.03	63.24	40.08	39.10	10.98	11.04	16.46	52.72	16.75	19.37	326.41
LG&E and KU Services Company	Supply Chain and Logistics Services	163	78,489.27	76,845.80	85,824.73	86,401.79	79,442.00	77,990.81	80,106.45	82,943.72	79,075.16	82,517.95	78,399.21	77,172.01	965,208.90
LG&E and KU Services Company	Supply Chain and Logistics Services	165	(5,221.60)	(5,221.60)	(5,221.57)	58,481.96	(4,177.29)	(4,177.29)	(4,177.29)	(4,177.29)	(4,177.29)	(4,177.29)	(4,177.29)	(4,177.29)	9,398.87
LG&E and KU Services Company	Supply Chain and Logistics Services	184	217.96	792.47	(137.71)	605.55	(900.17)	(91.80)	(986.96)	(275.43)	0.00	(183.62)	(367.24)	(183.62)	(1,510.57)
LG&E and KU Services Company	Supply Chain and Logistics Services	426.5	0.00	453.42	0.00	0.00	54.31	0.00	1,677.72	22.03	0.00	0.00	169.78	130.00	2,507.26
LG&E and KU Services Company	Supply Chain and Logistics Services	500	0.00	0.00	0.00	0.00	0.00	266.39	0.00	0.00	0.00	0.00	0.00	0.00	266.39
LG&E and KU Services Company	Supply Chain and Logistics Services	580	0.00	1,389.77	367.79	31.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,788.97
LG&E and KU Services Company	Supply Chain and Logistics Services	588	0.00	0.00	0.00	(62.81)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(62.81)
LG&E and KU Services Company	Supply Chain and Logistics Services	598	0.00	435.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,816.45	3,251.86
LG&E and KU Services Company	Supply Chain and Logistics Services	903	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	154.69	0.00	0.00	154.69
LG&E and KU Services Company	Supply Chain and Logistics Services	920	112,049.18	106,456.52	136,214.19	123,760.60	116,051.53	127,359.53	139,230.94	146,164.93	141,515.79	136,896.39	129,891.38	136,839.78	1,552,430.76
LG&E and KU Services Company	Supply Chain and Logistics Services	921	12,454.32	7,568.87	14,409.35	11,480.01	8,288.92	19,114.14	6,689.35	30,990.15	10,563.08	29,971.56	6,021.79	6,428.22	163,979.76
LG&E and KU Services Company	Supply Chain and Logistics Services	926	0.00	2,294.24	0.00	1,345.76	5,428.30	0.00	0.00	1,351.99	0.00	1,040.00	0.00	346.67	11,806.96
LG&E and KU Services Company	**Supply Chain and Logistics Services Total**		**225,940.29**	**230,389.32**	**259,904.46**	**315,921.37**	**224,717.69**	**230,123.69**	**222,989.95**	**258,560.01**	**226,993.20**	**246,272.40**	**210,288.26**	**229,424.20**	**2,881,524.84**
LG&E and KU Services Company	Transmission Operations & Services	107	265,182.21	243,077.15	311,203.97	307,098.64	321,286.24	368,127.31	303,772.04	513,912.53	328,459.96	325,198.83	325,253.91	298,025.78	3,910,598.57
LG&E and KU Services Company	Transmission Operations & Services	108	19,272.74	17,775.48	31,971.45	23,358.32	35,951.92	28,922.36	35,997.86	26,439.54	32,449.89	22,232.13	21,720.87	30,260.31	326,352.87
LG&E and KU Services Company	Transmission Operations & Services	165	(20,054.95)	(15,933.13)	(15,933.13)	(14,226.01)	(15,079.57)	(15,079.57)	(14,847.58)	(14,847.58)	(14,847.58)	(14,847.58)	(14,847.58)	171,565.24	1,020.98
LG&E and KU Services Company	Transmission Operations & Services	183	3,378.56	2,698.33	278.19	140.32	774.64	540.35	687.86	2,281.36	1,442.58	276.36	917.57	16,689.08	30,105.20
LG&E and KU Services Company	Transmission Operations & Services	184	642,275.87	534,939.25	598,599.96	542,599.09	504,225.83	592,890.51	562,250.98	536,932.98	639,554.04	650,656.67	605,555.45	802,064.21	7,212,544.84
LG&E and KU Services Company	Transmission Operations & Services	426.5	0.00	0.00	0.00	2.00	0.00	83.47	0.00	0.00	198.09	39.49	4,604.60	9,937.85	14,865.50
LG&E and KU Services Company	Transmission Operations & Services	500	0.00	0.00	0.00	0.00	0.00	268.63	0.00	0.00	0.00	0.00	0.00	0.00	268.63
LG&E and KU Services Company	Transmission Operations & Services	506	0.00	0.00	0.00	0.00	0.00	0.00	37.48	0.00	0.00	0.00	0.00	0.00	37.48
LG&E and KU Services Company	Transmission Operations & Services	560	112,665.17	115,949.10	167,267.22	114,159.88	103,163.17	115,152.56	126,358.93	133,044.08	130,516.33	130,321.44	128,611.90	147,493.00	1,524,702.78
LG&E and KU Services Company	Transmission Operations & Services	561.1	45,747.86	44,405.82	52,722.76	47,360.00	48,731.70	62,161.89	65,861.44	57,150.72	60,116.49	54,613.06	65,301.17	73,804.27	677,977.18
LG&E and KU Services Company	Transmission Operations & Services	561.2	213,141.65	197,952.47	217,904.94	216,943.67	201,473.01	215,274.48	199,958.79	214,716.61	207,789.46	203,502.99	215,820.87	238,919.49	2,543,398.43
LG&E and KU Services Company	Transmission Operations & Services	561.3	45,474.49	40,349.53	57,403.32	67,399.13	55,982.71	61,926.00	51,850.10	60,882.74	57,146.93	61,999.64	63,211.15	75,950.08	699,575.82
LG&E and KU Services Company	Transmission Operations & Services	561.5	62,239.04	56,488.43	6,440.44	51,970.63	49,282.38	54,596.25	46,436.58	56,740.61	55,360.06	50,226.07	47,732.10	51,010.67	588,523.26
LG&E and KU Services Company	Transmission Operations & Services	561.6	2,346.65	1,840.28	3,343.80	3,699.53	46,913.62	338.50	528.45	0.00	0.00	830.38	3,033.11	31,834.60	94,708.92
LG&E and KU Services Company	Transmission Operations & Services	561.7	2,042.73	4,327.88	1,922.62	3,589.80	4,466.98	3,068.69	654.53	5,898.95	101.07	1,741.37	2,826.11	246.60	30,887.33
LG&E and KU Services Company	Transmission Operations & Services	562	22,341.78	19,225.36	23,771.77	6,946.93	2,702.21	1,745.50	1,697.26	1,540.35	2,253.84	549.60	838.36	2,865.51	86,478.47
LG&E and KU Services Company	Transmission Operations & Services	563	2,246.54	1,074.37	1,339.79	5,750.92	6,494.52	6,082.06	4,813.43	13,425.90	12,775.00	18,804.39	2,291.56	11,125.70	86,224.18
LG&E and KU Services Company	Transmission Operations & Services	566	41,700.91	56,102.45	78,155.08	53,503.88	36,688.04	58,119.54	43,134.86	89,042.29	58,103.03	79,400.29	103,117.00	63,990.28	761,057.65
LG&E and KU Services Company	Transmission Operations & Services	570	122,545.38	75,537.86	84,483.65	64,688.87	47,881.48	56,700.84	76,351.65	77,025.49	61,700.91	37,673.45	53,464.65	60,988.65	819,042.88
LG&E and KU Services Company	Transmission Operations & Services	571	22,133.25	47,808.32	30,467.62	31,509.60	33,608.05	21,499.72	23,964.78	20,328.91	13,628.30	22,760.39	25,192.29	23,429.41	316,330.64
LG&E and KU Services Company	Transmission Operations & Services	573	0.00	0.00	0.00	0.00	(11.21)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(11.21)
LG&E and KU Services Company	Transmission Operations & Services	580	139.64	3,447.81	332.90	138.15	128.17	111.52	116.50	212.94	116.91	118.31	121.31	120.28	5,104.44
LG&E and KU Services Company	Transmission Operations & Services	581	21,967.98	20,491.39	26,420.75	24,483.71	25,315.51	30,661.01	30,536.89	29,794.57	27,306.55	25,916.91	28,500.10	27,538.28	318,933.65
LG&E and KU Services Company	Transmission Operations & Services	582	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,406.09	0.00	0.00	1,406.09
LG&E and KU Services Company	Transmission Operations & Services	588	16,490.97	15,020.47	56,573.91	18,550.42	12,982.12	19,343.63	12,116.54	18,096.61	14,875.14	52,221.34	13,964.09	13,922.25	264,157.49
LG&E and KU Services Company	Transmission Operations & Services	592	0.00	0.00	254.98	0.00	0.00	0.00	260.52	775.09	0.00	0.00	0.00	0.00	1,290.59
LG&E and KU Services Company	Transmission Operations & Services	920	0.00	0.00	0.00	0.00	4.85	0.00	0.00	0.00	0.00	0.00	0.00	1,864.31	1,869.16
LG&E and KU Services Company	Transmission Operations & Services	921	342.61	142.86	341.90	1,042.00	254.83	3,415.95	390.17	450.92	2,040.12	1,094.84	1,051.26	633.62	11,201.08
LG&E and KU Services Company	Transmission Operations & Services	925	0.00	0.00	0.00	0.00	0.00	(0.00)	0.00	0.00	(0.00)	0.00	0.00	23.64	23.64
LG&E and KU Services Company	Transmission Operations & Services	926	5,741.13	0.00	1,483.93	1,696.23	5,733.60	1,625.41	642.69	0.00	5,681.59	3,611.91	1,931.83	3,451.52	31,599.84
LG&E and KU Services Company	**Transmission Operations & Services Total**		**1,649,362.21**	**1,482,721.48**	**1,736,751.82**	**1,572,405.71**	**1,528,954.80**	**1,687,576.61**	**1,573,572.75**	**1,843,845.61**	**1,696,768.71**	**1,730,348.37**	**1,700,213.68**	**2,157,754.63**	**20,360,276.38**
LG&E and KU Services Company	Transportation Services	107	5.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.84	16.94

2021 VA ARAT
KU Recipient of Service (Payables)
VSCC-2 By Service Affiliate, Service Category, and FERC Account per Month
Order Granting Approval, Appendix 2
CASE NO. PUR-2019-00200

Service Affiliate	Service Category	FERC Account	JAN-2021	FEB-2021	MAR-2021	APR-2021	MAY-2021	JUN-2021	JUL-2021	AUG-2021	SEP-2021	OCT-2021	NOV-2021	DEC-2021	Grand Total
LG&E and KU Services Company	Transportation Services	184	22,205.96	19,414.45	21,896.70	21,790.19	19,822.13	20,291.92	18,835.02	20,320.09	21,268.62	21,497.80	20,891.90	21,684.12	249,918.90
LG&E and KU Services Company	Transportation Services	426.5	0.00	0.00	144.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	144.77
LG&E and KU Services Company	**Transportation Services Total**		**22,211.06**	**19,414.45**	**22,041.47**	**21,790.19**	**19,822.13**	**20,291.92**	**18,835.02**	**20,320.09**	**21,268.62**	**21,497.80**	**20,891.90**	**21,695.96**	**250,080.61**
LG&E and KU Services Company	Treasury Services	107	103.39	1,229.45	797.17	848.40	296.12	(12.25)	(0.49)	1.49	20.45	(2.02)	0.10	(0.10)	3,281.71
LG&E and KU Services Company	Treasury Services	426.4	5.07	4.68	5.39	5.08	4.29	4.93	4.86	5.02	4.75	4.93	4.61	(49.96)	3.65
LG&E and KU Services Company	Treasury Services	426.5	0.18	0.25	0.18	0.04	0.05	0.44	0.18	0.15	0.06	0.26	0.00	(1.90)	(0.11)
LG&E and KU Services Company	Treasury Services	920	66,692.07	60,960.67	69,310.18	65,648.89	56,342.78	58,461.92	58,746.86	62,379.14	56,212.47	57,390.22	56,598.70	51,129.20	719,873.10
LG&E and KU Services Company	Treasury Services	921	485.59	3,984.15	682.43	356.33	226.13	341.36	471.47	2,489.30	26.77	693.56	1,169.39	3,990.96	14,917.44
LG&E and KU Services Company	Treasury Services	925	929.28	913.80	1,039.93	971.59	923.23	931.07	902.83	981.59	923.16	892.20	840.31	(9,467.82)	781.17
LG&E and KU Services Company	Treasury Services	926	1,611.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,577.51	0.00	0.00	0.00	3,188.89
LG&E and KU Services Company	**Treasury Services Total**		**69,826.96**	**67,093.00**	**71,835.28**	**67,830.33**	**57,792.60**	**59,727.47**	**60,125.71**	**65,856.69**	**58,765.17**	**58,979.15**	**58,613.11**	**45,600.38**	**742,045.85**
LG&E and KU Services Company Total			**14,280,508.05**	**13,961,791.43**	**15,036,700.33**	**15,443,954.95**	**14,792,816.91**	**14,425,326.06**	**12,839,563.57**	**15,123,895.77**	**14,144,289.25**	**13,613,617.15**	**13,689,870.51**	**18,866,062.10**	**176,218,396.08**
PPL EU Services Corporation	HR Services	923	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	43,904.00	0.00	43,904.00
PPL EU Services Corporation	**HR Services Total**		**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**43,904.00**	**0.00**	**43,904.00**
PPL EU Services Corporation Total			**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**43,904.00**	**0.00**	**43,904.00**
PPL Services Corporation	Audit Services	923	0.00	0.00	0.00	0.00	0.00	0.00	0.00	456.35	881.40	1,692.81	317.72	225.89	3,574.17
PPL Services Corporation	**Audit Services Total**		**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**456.35**	**881.40**	**1,692.81**	**317.72**	**225.89**	**3,574.17**
PPL Services Corporation	Compliance, Legal, and Environmental Affairs Services	923	9,726.01	12,040.82	13,812.73	12,729.93	12,084.36	13,021.26	24,543.52	18,494.97	28,722.16	21,723.48	23,178.17	32,262.56	222,339.97
PPL Services Corporation	Compliance, Legal, and Environmental Affairs Services	930.2	51.45	78.89	87.71	309.19	75.46	149.94	107.80	167.09	1,029.00	473.34	41.65	1,751.47	4,322.99
PPL Services Corporation	**Compliance, Legal, and Environmental Affairs Services Total**		**9,777.46**	**12,119.71**	**13,900.44**	**13,039.12**	**12,159.82**	**13,171.20**	**24,651.32**	**18,662.06**	**29,751.16**	**22,196.82**	**23,219.82**	**34,014.03**	**226,662.96**
PPL Services Corporation	Controller Organization Services	921	12.15	685.73	76.13	10.53	10.53	72.35	1,264.79	(1,218.97)	49.37	87.69	23.70	66.76	1,140.76
PPL Services Corporation	Controller Organization Services	923	6,850.02	6,960.45	7,089.22	9,536.80	6,038.49	5,782.29	13,943.58	13,995.80	12,628.46	14,121.48	12,175.40	10,661.37	119,783.36
PPL Services Corporation	**Controller Organization Services Total**		**6,862.17**	**7,646.18**	**7,165.35**	**9,547.33**	**6,049.02**	**5,854.64**	**15,208.37**	**12,776.83**	**12,677.83**	**14,209.17**	**12,199.10**	**10,728.13**	**120,924.12**
PPL Services Corporation	Corporate Tax and Payroll Organization Services	923	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,860.93	450.18	4,311.11
PPL Services Corporation	**Corporate Tax and Payroll Organization Services Total**		**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**3,860.93**	**450.18**	**4,311.11**
PPL Services Corporation	Executive Management Services	923	6,125.35	3,714.15	4,288.35	9,650.85	5,379.92	4,687.20	13,996.64	9,884.45	7,401.07	10,808.00	7,355.26	6,480.77	89,772.01
PPL Services Corporation	Executive Management Services	930.2	124,348.40	1,766.60	47.30	109,671.10	133.84	8,305.36	199,100.72	26,969.04	9,919.84	151,897.76	30,483.04	(6,874.00)	655,769.00
PPL Services Corporation	**Executive Management Services Total**		**130,473.75**	**5,480.75**	**4,335.65**	**119,321.95**	**5,513.76**	**12,992.56**	**213,097.36**	**36,853.49**	**17,320.91**	**162,705.76**	**37,838.30**	**(393.23)**	**745,541.01**
PPL Services Corporation	Financial Planning and Budgeting Services	921	6.24	0.00	0.00	(6.24)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PPL Services Corporation	Financial Planning and Budgeting Services	923	10,777.00	10,458.24	12,295.92	11,398.40	9,406.28	11,003.72	15,836.39	13,648.55	11,095.97	13,189.91	12,051.21	11,578.84	142,740.43
PPL Services Corporation	**Financial Planning and Budgeting Services Total**		**10,783.24**	**10,458.24**	**12,295.92**	**11,392.16**	**9,406.28**	**11,003.72**	**15,836.39**	**13,648.55**	**11,095.97**	**13,189.91**	**12,051.21**	**11,578.84**	**142,740.43**
PPL Services Corporation	IT Services	921	172.02	935.30	12,587.54	1,879.53	1,837.23	824.38	2,122.52	983.24	11,143.23	13,598.51	25,346.63	2,608.97	74,039.10
PPL Services Corporation	IT Services	923	37,798.34	38,764.81	52,719.84	43,544.68	71,200.09	46,901.27	96,722.85	52,982.10	68,229.88	91,811.23	71,414.86	82,211.03	754,300.98
PPL Services Corporation	**IT Services Total**		**37,970.36**	**39,700.11**	**65,307.38**	**45,424.21**	**73,037.32**	**47,725.65**	**98,845.37**	**53,965.34**	**79,373.11**	**105,409.74**	**96,761.49**	**84,820.00**	**828,340.08**
PPL Services Corporation	Operating Services	931	8,191.61	11,660.49	11,232.85	7,345.67	6,879.97	8,327.56	11,274.68	12,096.48	11,451.91	8,792.76	17,315.07	15,636.67	130,205.72
PPL Services Corporation	**Operating Services Total**		**8,191.61**	**11,660.49**	**11,232.85**	**7,345.67**	**6,879.97**	**8,327.56**	**11,274.68**	**12,096.48**	**11,451.91**	**8,792.76**	**17,315.07**	**15,636.67**	**130,205.72**
PPL Services Corporation	Power Production and Generation Services	163	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,408.19	1,408.19
PPL Services Corporation	Power Production and Generation Services	184	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	469.40	469.40
PPL Services Corporation	Power Production and Generation Services	500	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,234.75	1,234.75
PPL Services Corporation	**Power Production and Generation Services Total**		**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**3,112.34**	**3,112.34**
PPL Services Corporation	Supply Chain and Logistics Services	163	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	847.97	847.97
PPL Services Corporation	Supply Chain and Logistics Services	923	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,710.03	6,710.03
PPL Services Corporation	**Supply Chain and Logistics Services Total**		**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**7,558.00**	**7,558.00**
PPL Services Corporation	Treasury Services	903	7,550.50	8,977.22	8,221.14	10,290.64	6,259.62	9,812.65	20,130.73	21,444.80	18,113.51	13,637.61	17,553.44	15,794.58	157,786.44
PPL Services Corporation	Treasury Services	921	0.00	0.00	0.00	0.00	6,449.04	0.00	0.00	0.00	0.00	14.57	0.00	0.00	6,463.61
PPL Services Corporation	Treasury Services	923	17,622.88	40,828.60	28,003.68	165,295.57	42,072.56	84,310.02	27,805.20	40,554.50	50,345.79	53,906.30	34,183.11	60,766.67	645,694.88
PPL Services Corporation	Treasury Services	930.2	18.70	6,068.70	0.00	461.45	0.00	0.00	34,512.80	1,029.28	6,997.20	178.64	197.68	358.40	49,822.85
PPL Services Corporation	**Treasury Services Total**		**25,192.08**	**55,874.52**	**36,224.82**	**176,047.66**	**54,781.22**	**94,122.67**	**82,448.73**	**63,028.58**	**75,456.50**	**67,737.12**	**51,934.23**	**76,919.65**	**859,767.78**
PPL Services Corporation Total			**229,250.67**	**142,940.00**	**150,462.41**	**382,118.10**	**167,827.39**	**193,198.00**	**461,362.22**	**211,487.68**	**238,008.79**	**395,934.09**	**255,497.87**	**244,650.50**	**3,072,737.72**
Grand Total			**14,509,758.72**	**14,104,731.43**	**15,187,162.74**	**15,826,073.05**	**14,960,644.30**	**14,618,524.06**	**13,300,925.79**	**15,335,383.45**	**14,382,298.04**	**14,009,551.24**	**13,989,272.38**	**19,110,712.60**	**179,335,037.80**

ENTITY CHANGES OCCURRING IN 2021

In January 2021, PPL Corporation completed an internal reorganization whereby two new wholly-owned holding companies, PPL Subsidiary Holdings LLC and PPL Energy Holdings, LLC, were formed and inserted between PPL Corporation and LG&E and KU Energy LLC, the parent of Louisville Gas and Electric Company and Kentucky Utilities Company. This reorganization transaction received Kentucky Public Service Commission approval in Docket 2017-00415 and received Virginia State Corporation Commission and Federal Energy Regulatory Commission approvals as well.

THIS FILING IS		
Item 1:	An Initial (Original) Submission OR	Resubmission No.

FERC FINANCIAL REPORT
FERC FORM No. 60: Annual Report of Centralized Service Companies

Exact Legal Name of Respondent (Company)	Year/Period of Report:
LG&E and KU Services Company	End of: 2021/ Q4

FERC FORM NO. 60 (12-06)

GENERAL INSTRUCTIONS FOR FILING FERC FORM NO. 60

Purpose

Form No. 60 is an annual regulatory support requirement under 18 C.F.R. § 369.1 for centralized service companies. The report is designed to collect financial information from centralized service companies subject to the jurisdiction of the Federal Energy Regulatory Commission. The report is considered to be a non-confidential public use form.

Who Must Submit

Unless the holding company system is exempted or granted a waiver by Commission rule or order pursuant to 18 C.F.R. § 366.3 and § 366.4 of this chapter, every centralized service company (see § 367.2) in a holding company system must prepare and file electronically with the Commission the FERC Form No. 60 then in effect pursuant to the General Instructions set out in this form.

How to Submit

Submit FERC Form Nos. 2, 2-A and 3-Q electronically through the eCollection portal at https://eCollection.ferc.gov, and according to the specifications in the Form 60 taxonomy.

When to Submit

Submit FERC Form No. 60 according to the filing date contained 18 C.F.R. § 369.1 of the Commission's regulations.

Preparation

Prepare this report in conformity with the Uniform System of Accounts (18 C.F.R. § 367) (USofA). Interpret all accounting words and phrases in accordance with the USofA.

Time Period

This report covers the entire calendar year.

Whole Dollar Usage

Enter in whole numbers (dollars) only, except where otherwise noted. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's amounts.

Accurateness

Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

Applicability

For any page(s) that is not applicable to the respondent, enter "NONE," or "Not Applicable" in column (c) on the List of Schedules, page 2.

Date Format

Enter the month, day, and year for all dates. Use customary abbreviations. The "Resubmission Date" included in the header of each page is to be completed only for resubmissions (see III. above).

Number Format

Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by use of a minus sign.

Required Entries

Do not make references to reports of previous years or to other reports instead of required entries, except as specifically authorized.

Prior Year References

Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the report of the previous year, or an appropriate explanation given as to why the different figures were used.

Where to Send Comments on Public Reporting Burden

The public reporting burden for the Form No. 60 collection of information is estimated to average 75 hours per response, including

- the time for reviewing instructions, searching existing data sources,
- gathering and maintaining the data-needed, and
- completing and reviewing the collection of information.

Send comments regarding these burden estimates or any aspect of this collection of information, including suggestions for reducing burden, to:

Federal Energy Regulatory Commission, (Attention: Information Clearance Officer, CIO),
888 First Street NE,
Washington, DC 20426
or by email to DataClearance@ferc.gov

And to:

Office of Information and Regulatory Affairs,
Office of Management and Budget, Washington, DC 20503 (Attention: Desk Office for the Federal Energy Regulatory Commission).
Comments to OMB should be submitted by email to: oira_submission@omb.eop.gov

No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. 3512(a)).

DEFINITIONS
Respondent -- The person, corporation, or other legal entity in whose behalf the report is made.

FERC FORM NO. 60

FERC FORM NO. 60 REPORT OF CENTRALIZED SERVICE COMPANIES	
Identification	
01 Exact Legal Name of Respondent LG&E and KU Services Company	02 Year / Period of Report 2021/ Q4
03 Previous Name (if name changed during the year)	04 Date of Name Change
05 Address of Principal Office at End of Year (Street, City, State, Zip Code) 220 W Main Street, Louisville, Kentucky 40202	06 Name of Contact Person Vicki Romanko
07 Title of Contact Person Manager, KY Corporate Accounting and Consolidation	08 Address of Contact Person 220 W Main Street, Louisville, KY 40202
09 Telephone Number of Contact Person	10 E-mail Address of Contact Person

502-627-4966	Vicki.Romanko@lge-ku.com
11 This Report is An Original / A Resubmission (1) An Original (2) A Resubmission	12 Resubmission Date (Month, Day, Year) 04/29/2022
13 Date of Incorporation 06/02/2000	14 If Not Incorporated, Date of Organization
15 State or Sovereign Power Under Which Incorporated or Organized KY	
16 Name of Principal Holding Company Under Which Reporting Company is Organized: PPL Corporation	

CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

17 Name of Signing Officer Christopher M. Garrett	19 Signature of Signing Officer Christopher M. Garrett	20 Date Signed (Month, Day, Year) (a) 04/29/2022
18 Title of Signing Officer VP - Finance and Accounting		

FERC FORM No. 60 (REVISED 12-07)

Page 1

FOOTNOTE DATA

(a) Concept: AttestationDate

The resubmission date represents the Date of Report. This report is not being resubmitted; however, this field is required to be used as the Date of Report due to a known XBRL taxonomy issue.

FERC FORM No. 60 (REVISED 12-07)

Page 1

Name of Respondent:	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report:
LG&E and KU Services Company	(1) An Original (2) A Resubmission	04/29/2022	End of: 2021/ Q4

List of Schedules

1. Enter in Column (c) the terms “None” or “Not Applicable” as appropriate, where no information or amounts have been reported for certain pages.

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule I - Comparative Balance Sheet

1. Give balance sheet of the Company as of December 31 of the current and prior year.

Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
1		**Service Company Property**			
2	101	Service Company Property	103	10,561,265	14,980,459
3	101.1	Property Under Capital Leases	103		0
4	106	Completed Construction Not Classified			0
5	107	Construction Work In Progress	103	269,075	[e](4,921)
6		Total Property (Total Of Lines 2-5)		10,830,340	14,975,538
7	108	Less: Accumulated Provision for Depreciation of Service Company Property	104	5,593,367	7,663,975
8	111	Less: Accumulated Provision for Amortization of Service Company Property			0
9		Net Service Company Property (Total of Lines 6-8)		5,236,973	7,311,563
10		**Investments**			
11	123	Investment In Associate Companies	105	[a]1,000,000	[f]3,300,000
12	124	Other Investments	105	0	0
13	128	Other Special Funds	105	[b]19,871,680	[g]11,258,054
14		Total Investments (Total of Lines 11-13)		20,871,680	14,558,054
15		**Current And Accrued Assets**			
16	131	Cash		3,000	0
17	134	Other Special Deposits			0
18	135	Working Funds			0
19	136	Temporary Cash Investments	105		0
20	141	Notes Receivable		1,094,160	524,180
21	142	Customer Accounts Receivable			0
22	143	Accounts Receivable		1,756,276	1,584,420
		Less: Accumulated Provision for Uncollectible			

23	144	Accounts			0
23.1	145	Notes Receivable From Associate Companies			0
24	146	Accounts Receivable From Associate Companies	106	[c]256,663,264	[h]232,230,331
25	152	Fuel Stock Expenses Undistributed	107	0	0
26	154	Materials And Supplies			0
27	163	Stores Expense Undistributed	108	0	0
28	165	Prepayments		62,360	62,360
29	171	Interest And Dividends Receivable			0
30	172	Rents Receivable			0
31	173	Accrued Revenues			0
32	174	Miscellaneous Current and Accrued Assets	109		0
33	175	Derivative Instrument Assets			0
34	176	Derivative Instrument Assets - Hedges			0
35		Total Current and Accrued Assets (Total of Lines 16-34)		259,579,060	234,401,291
36		**Deferred Debits**			
37	181	Unamortized Debt Expense			0
38	182.3	Other Regulatory Assets			0
39	183	Preliminary Survey And Investigation Charges			0
40	184	Clearing Accounts		82,191	(2)
41	185	Temporary Facilities			0
42	186	Miscellaneous Deferred Debits	110	60,675	1,016
43	188	Research, Development, or Demonstration Expenditures	111	0	0
44	189	Unamortized Loss on Reacquired Debt			0
45	190	Accumulated Deferred Income Taxes		66,934,376	72,836,485
46		Total Deferred Debits (Total of Lines 37-45)		67,077,242	72,837,499
47		TOTAL ASSETS AND OTHER DEBITS (TOTAL OF LINES 9, 14, 35 and 46)		352,764,955	329,108,407
48		**Proprietary Capital**			
49	201	Common Stock Issued	201	100	100
50	204	Preferred Stock Issued	201		0
51	211	Miscellaneous Paid-In-Capital	201	100,000,900	100,000,900
52	215	Appropriated Retained Earnings	201		0
53	216	Unappropriated Retained Earnings	201	(9,010,088)	(8,562,849)
54	219	Accumulated Other Comprehensive Income	201	(98,254,837)	(121,534,058)
55		Total Proprietary Capital (Total of Lines 49-54)		(7,263,925)	(30,095,907)
56		**Long-Term Debt**			
57	223	Advances From Associate Companies	202	0	0
58	224	Other Long-Term Debt	202	0	0
59	225	Unamortized Premium on Long-Term Debt			0
60	226	Less: Unamortized Discount on Long-Term Debt-Debit			0
61		Total Long-Term Debt (Total of Lines 57-60)		0	0
62		**Other Non-current Liabilities**			
63	227	Obligations Under Capital Leases-Non-current			0

64	228.2	Accumulated Provision for Injuries and Damages			0
65	228.3	Accumulated Provision For Pensions and Benefits		253,276,441	253,559,987
66	230	Asset Retirement Obligations			0
67		Total Other Non-current Liabilities (Total of Lines 63-66)		253,276,441	253,559,987
68		**Current and Accrued Liabilities**			
69	231	Notes Payable			0
70	232	Accounts Payable		44,534,951	47,362,340
71	233	Notes Payable to Associate Companies	203	0	0
72	234	Accounts Payable to Associate Companies	203	8,517,401	6,564,646
73	236	Taxes Accrued		8,170,725	8,594,141
74	237	Interest Accrued			0
75	241	Tax Collections Payable		547,168	436,381
76	242	Miscellaneous Current and Accrued Liabilities	203	27,480,275	25,966,375
77	243	Obligations Under Capital Leases - Current			0
78	244	Derivative Instrument Liabilities			0
79	245	Derivative Instrument Liabilities - Hedges			0
80		Total Current and Accrued Liabilities (Total of Lines 69-79)		89,250,520	88,923,883
81		**Deferred Credits**			
82	253	Other Deferred Credits		18,109,347	17,420,897
83	254	Other Regulatory Liabilities			0
84	255	Accumulated Deferred Investment Tax Credits			0
85	257	Unamortized Gain on Reacquired Debt			0
86	282	Accumulated deferred income taxes-Other property		[d](607,428)	[i](700,453)
87	283	Accumulated deferred income taxes-Other			0
88		Total Deferred Credits (Total of Lines 82-87)		17,501,919	16,720,444
89		TOTAL LIABILITIES AND PROPRIETARY CAPITAL (TOTAL OF LINES 55, 61, 67, 80, AND 88)		352,764,955	329,108,407

FERC FORM No. 60 (REVISED 12-07)

FOOTNOTE DATA

(a) Concept: InvestmentInAssociateCompanies

$1,000,000 is notes receivable from LKS' parent, LKE. This is recorded in investment in Associate Companies (123).

(b) Concept: OtherSpecialFunds

This amount represents the excess of the fair value of plan assets over the GAAP benefit obligations for the portion of the LKE post-retirement plan allocated to LKS. For more information, please see Note 4 on Schedule XIV - Notes to Financial Statements.

(c) Concept: AccountsReceivableFromAssociateCompanies

The balance includes $2,064 of accrued interest on a note receivable from LKS' parent, LKE. Interest income on this note is retained by LKS and not allocated to the companies it serves.

(d) Concept: AccumulatedDeferredIncomeTaxesOtherProperty

Debit balance is due to greater tax basis versus book basis related to fixed assets, as accumulated book depreciation exceeds accumulated tax depreciation.

(e) Concept: ConstructionWorkInProgress

Negative balance in account 107 is due to a timing difference to clear a credit balance for capitalized administrative and general costs.

(f) Concept: InvestmentInAssociateCompanies

$3,300,000 is notes receivable from LKS' parent, LKE. This is recorded in investment in Associate Companies (123).

(g) Concept: OtherSpecialFunds

This amount represents the excess of the fair value of plan assets over the GAAP benefit obligations for the portion of the LKE post-retirement plan allocated to LKS. For more information, please see Note 4 on Schedule XIV - Notes to Financial Statements.

(h) Concept: AccountsReceivableFromAssociateCompanies

The balance includes $45,572 of accrued interest on a note receivable from LKS' parent, LKE. Interest income on this note is retained by LKS and not allocated to the companies it serves [(i)](#) Concept: AccumulatedDeferredIncomeTaxesOtherProperty

Debit balance is due to greater tax basis versus book basis related to fixed assets, as accumulated book depreciation exceeds accumulated tax depreciation.

FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule II - Service Company Property

1. Provide an explanation of Other Changes recorded in Column (f) considered material in a footnote.
2. Describe each construction work in progress on lines 18 through 30 in Column (b).

Line No.	Account # (a)	Title of Account (b)	Balance at Beginning of Year (c)	Additions (d)	Retirements or Sales (e)	Other Changes (f)	Balance at End of Year (g)
1	301	Organization	0				0
2	303	Miscellaneous Intangible Plant	234,036		29,990		204,046
3	306	Leasehold Improvements	0				0
4	389	Land and Land Rights	0				0
5	390	Structures and Improvements	11,148,786	4,816	1,787,647		9,365,955
6	391	Office Furniture and Equipment	3,490,059	0	2,606,373		883,686
7	392	Transportation Equipment	0				0
8	393	Stores Equipment	0				0
9	394	Tools, Shop and Garage Equipment	0				0
10	395	Laboratory Equipment	0				0
11	396	Power Operated Equipment	0				0
12	397	Communications Equipment	107,578				107,578
13	398	Miscellaneous Equipment	0				0
14	399	Other Tangible Property	0				0
15	399.1	Asset Retirement Costs	0				0
16		Total Service Company Property (Total of Lines 1-15)	14,980,459	4,816	4,424,010	0	10,561,265
17	107	Construction Work in Progress:					
18		Structures, Improvements, Office Furniture/Equipment, and Other	(4,921)	278,811		[(a)](#)(4,815)	269,075
19			0				
31		Total Account 107 (Total of Lines 18-30)	[(b)](#)(4,921)	278,811		(4,815)	269,075
32		Total (Lines 16 and Line 31)	14,975,538	283,627		(4,815)	10,830,340

FERC FORM No. 60 (REVISED 12-07)

FOOTNOTE DATA

[(a)](#) Concept: ConstructionWorkInProgressAdjustments

$4,815 was transferred from Construction Work in Progress to Service Company Property.

[(b)](#) Concept: ConstructionWorkInProgress

Negative balance in account 107 is due to a timing difference to clear a credit balance for capitalized administrative and general costs.

FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule III - Accumulated Provision for Depreciation and Amortization of Service Company Property

1. Provide an explanation of Other Charges in Column (f) considered material in a footnote.

Line No.	Account Number (a)	Description (b)	Balance at Beginning of Year (c)	Additions Charged To Account 403-403.1 404-405 (d)	Retirements (e)	Other Changes Additions (Deductions) (f)	Balance at Close of Year (g)
1	301	Organization	0				0
2	303	Miscellaneous Intangible Plant	162,161	32,697	29,990	0	164,868
3	306	Leasehold Improvements	0				0
4	389	Land and Land Rights	0				0
5	390	Structures and Improvements	4,746,347	1,338,565	1,787,647	[(a)]529,858	4,827,123
6	391	Office Furniture and Equipment	2,692,468	437,920	2,606,373	[(b)]157	524,172
7	392	Transportation Equipment	0				0
8	393	Stores Equipment	0				0
9	394	Tools, Shop and Garage Equipment	0				0
10	395	Laboratory Equipment	0				0
11	396	Power Operated Equipment	0				0
12	397	Communications Equipment	62,999	14,205	0	0	77,204
13	398	Miscellaneous Equipment	0				0
14	399	Other Tangible Property	0				0
15	399.1	Asset Retirement Costs	0				0
16		Total	7,663,975	1,823,387	4,424,010	530,015	5,593,367

FERC FORM No. 60 (NEW 12-05)

Page 104

FOOTNOTE DATA

(a) Concept: StructuresAndImprovementsAccumulatedProvisionForDepreciationAndAmortizationAdjustments

Loss on disposal of leasehold improvements.

(b) Concept: OfficeFurnitureAndEquipmentAccumulatedProvisionForDepreciationAndAmortizationAdjustments

Loss on disposal of company artwork.

FERC FORM No. 60 (NEW 12-05)

Page 104

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule IV - Investments

1. For Other Investments (Account 124) and Other Special Funds (Account 128), state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount.
2. For Temporary Cash Investments (Account 136), list each investment separately .
3. Investments less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	123	Investment In Associate Companies	[(a)]3,300,000	[(b)]1,000,000
2	124	Other Investments	0	0
3	128	Other Special Funds	[(c)]11,258,054	[(d)]19,871,680
4	136	Temporary Cash Investments	0	
5		(Total of Line 1-4)	14,558,054	20,871,680

FERC FORM No. 60 (REVISED 12-07)

Page 105

FOOTNOTE DATA

(a) Concept: InvestmentInAssociateCompanies

$3,300,000 is notes receivable from LKS' parent, LKE. This is recorded in investment in Associate Companies (123).

(b) Concept: InvestmentInAssociateCompanies	
$1,000,000 is notes receivable from LKS' parent, LKE. This is recorded in investment in Associate Companies (123).	
(c) Concept: OtherSpecialFunds	
This amount represents the excess of the fair value of plan assets over the GAAP benefit obligations for the portion of the LKE post-retirement plan allocated to LKS. For more information, please see Note 4 on Schedule XIV - Notes to Financial Statements.	
(d) Concept: OtherSpecialFunds	
This amount represents the excess of the fair value of plan assets over the GAAP benefit obligations for the portion of the LKE post-retirement plan allocated to LKS. For more information, please see Note 4 on Schedule XIV - Notes to Financial Statements.	

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule IV - Investments - Other Investments

1. For Other Investments (Account 124) and Other Special Funds (Account 128), state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount.
2. For Temporary Cash Investments (Account 136), list each investment separately .
3. Investments less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Investment Description (a)	Name of Issuing Company (b)	Number of Shares Held (c)	Principal Investment Amount (d)
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Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule IV - Investments - Other Special Funds

1. For Other Investments (Account 124) and Other Special Funds (Account 128), state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount.
2. For Temporary Cash Investments (Account 136), list each investment separately .
3. Investments less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Investment Description (a)	Name of Issuing Company (b)	Number of Shares Held (c)	Principal Investment Amount

				(d)
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Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule IV - Investments - Temporary Cash Investments

1. For Other Investments (Account 124) and Other Special Funds (Account 128), state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount.
2. For Temporary Cash Investments (Account 136), list each investment separately .
3. Investments less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Investment Description (a)	Balance at Close of Year (b)
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FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule V - Accounts Receivable from Associate Companies

1. List the accounts receivable from each associate company.
2. If the service company has provided accommodation or convenience payments for associate companies, provide in a separate footnote a listing of total payments for each associate company.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)	Total Accommodation or Convenience Payments (e)
1	146	**Accounts Receivable From Associate Companies**			
2		**Associate Company:**			
3		PPL Electric Utilities Corporation	0		5,780
4		PPL Strategic Development, LLC	731	1,880	
5		PPL EU Services Corporation	71,845	106,377	40,610
6		LG&E and KU Capital LLC	176,889,225	193,142,579	293,284
7		FCD LLC	2,552	182	2,210
8		Kentucky Utilities Company	27,082,881	32,454,856	394,733,507
9		Louisville Gas and Electric Company	28,136,341	30,915,995	394,900,199
10		Western Kentucky Energy Corp.	1,184	392	5,169
11		LG&E and KU Energy LLC	0	2,657	32,169
12		LG&E and KU Energy LLC - Note Receivable	45,572	2,064	
13		PPL Rhode Island Holdings, LLC	0	36,282	
14		PPL Corporation		0	[(b)](196,421)
15		PPL Distributed Energy Resources LLC		0	5,780
16		PPL Power Insurance LTD		0	569,050
17		PPL Services Corporation		0	5,049,147
18		PPL Translink Inc		0	333
19				0	
20		[(a)] Analysis of convenience or accomodation payments - see footnote	0		
40	Total		[(c)]232,230,331	[(d)]256,663,264	

FERC FORM No. 60 (REVISED 12-07)

FOOTNOTE DATA

(a) Concept: AssociateCompanyName

Analysis of Convenience or Accommodation Payments:

Convenience Payments Resulted Primarily from the Following:	**Amount**
Capital Expenditures	48,819,118
Charitable/Community Contributions	23,715

Equipment/Facilities	23,206,375
Fringe Benefits/Overheads	71,009,845
Materials/Fuels	581,230,304
Office and Administrative Services	35,518,086
Outside Services	35,633,374
Total	**795,440,817**

(b) Concept: PaymentsFromAssociateCompanies

Credit driven by refund of mutual insurance premiums paid in 2020.

(c) Concept: AccountsReceivableFromAssociateCompanies

The balance includes $45,572 of accrued interest on a note receivable from LKS' parent, LKE. Interest income on this note is retained by LKS and not allocated to the companies it serves

(d) Concept: AccountsReceivableFromAssociateCompanies

The balance includes $2,064 of accrued interest on a note receivable from LKS' parent, LKE. Interest income on this note is retained by LKS and not allocated to the companies it serves.

Name of Respondent:	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report:
LG&E and KU Services Company	(1) An Original (2) A Resubmission	04/29/2022	End of: 2021/ Q4

Schedule VI - Fuel Stock Expenses Undistributed

1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company.
2. In a separate footnote, describe in a narrative the fuel functions performed by the service company.

Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	152	**Fuel Stock Expenses Undistributed**			
2		**Associate Company:**			
3				[(a)] 0	0
40	Total		0	0	0

FOOTNOTE DATA

(a) Concept: FuelStockExpensesUndistributedExpenses

Fuel functions provided are primarily accounted for as convenience payments for fuel contract settlements or services provided by LKS as an administrative agent, paying agent or other representative capacity, for the respective affiliate(s). The following fuel related services are provided by LKS and charged to the respective FERC accounts of the affiliates:

- Procurement of fuel, scrubber reagent, ammonia, and SO3 mitigation chemicals
- Transportation service to move these commodities from the loading point to the power plant
- Monitoring of quality, inventory level, and forecasted requirements
- Making purchases as needed on a timely basis
- Preparing bid solicitation for coal, and other commodities, as necessary, and evaluating those bids
- Negotiating and writing the contracts and purchase orders
- Contract Administration

Name of Respondent:	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report:
LG&E and KU Services Company	(1) An Original (2) A Resubmission	04/29/2022	End of: 2021/ Q4

Schedule VII - Stores Expense Undistributed

1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to stores expense during the year and indicate amount attributable to each associate company.

Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	163	**Stores Expense Undistributed**			
2		**Associate Company:**			
3					0
40	**Total**		0	0	0

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule VIII - Miscellaneous Current and Accrued Assets

1. Provide detail of items in this account. Items less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	174	**Miscellaneous Current and Accrued Assets**		
2		**Item List:**		
3			0	
4			0	
40	Total		0	

FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule IX - Miscellaneous Deferred Debits

1. Provide detail of items in this account. Items less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	186	**Miscellaneous Deferred Debits**		
2		**Item List:**		
3		Year-end true-up of pension plan settlement charge	1,016	0
4		Preliminary cell site costs	0	60,675
5			0	
40	Total		1,016	60,675

FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule X - Research, Development, or Demonstration Expenditures

1. Describe each material research, development, or demonstration project that incurred costs by the service company during the year. Items less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Amount (c)
1	188	**Research, Development, or Demonstration Expenditures**	
2		**Project List:**	
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41			
40	Total		0

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule XI - Proprietary Capital

1. For Miscellaneous Paid-In Capital (Account 211) and Appropriated Retained Earnings (Account 215), classify amounts in each account, with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts.
2. For Unappropriated Retained Earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing non-associates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid.

Line No.	Account Number (a)	Title of Account (b)	Description (c)	Amount (d)
1	201	Common Stock Issued	Number of Shares Authorized	1,000
2			Par or Stated Value per Share	

3			Outstanding Number of Shares	100
4			Close of Period Amount	100
5	204	Preferred Stock Issued	Number of Shares Authorized	
6			Par or Stated Value per Share	
7			Outstanding Number of Shares	
8			Close of Period Amount	
9	211	Miscellaneous Paid-In Capital		100,000,900
10	215	Appropriated Retained Earnings		
11	219	Accumulated Other Comprehensive Income		(98,254,837)
12	216	Unappropriated Retained Earnings	Balance at Beginning of Year	(8,562,849)
13			Net Income or (Loss)	(447,239)
14			Dividend Paid	
15			Balance at Close of Year	(9,010,088)

Line No.	Dividends paid during the year				
	Dividend Paid Description (a)	Dividend Rate (b)	Dividend Paid Amount (c)	Dividend Declared Date (d)	Dividend Paid Date (e)
1					
2					
3					
4					
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30					

FERC FORM No. 60 (REVISED 12-07)

Page 201

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule XII - Long-Term Debt

1. For Advances from Associate Companies (Account 223), describe in a footnote the advances on notes and advances on open accounts. Names of associate companies from which advances were received shall be shown under the class and series of obligation in Column (d).
2. For the deductions in Column (i), give an explanation in a footnote.
3. For Other Long-Term Debt (Account 224), list the name of the creditor company or organization in Column (b).

Line No.	Account Number (a)	Title of Account (b)	Term of Obligation (c)	Class & Series of Obligation (d)	Date of Maturity (e)	Interest Rate (f)	Amount Authorized (g)	Balance at Beginning of Year (h)	Additions Deductions (i)	Balance at Close of Year (j)
1	223	**Advances from Associate Companies**								
2		**Associate Company:**								
3								0		
13		Total						0	0	0
14	224	**Other Long Term Debt**								
15		**List Creditor:**								
16								0		
28		Total						0	0	0

FERC FORM No. 60 (REVISED 12-07)

Page 202

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule XIII - Current and Accrued Liabilities

1. Provide the balance of notes and accounts payable to each associate company (Accounts 233 and 234).
2. Give description and amount of Miscellaneous Current and Accrued Liabilities (Account 242). Items less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	233	**Notes Payable to Associate Companies**		
2		**Associate Company:**		
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

14				
15				
16				
17				
18				
19				
20				
21				
23		Subtotal (Total of Lines 3-22)	0	0
24	234	**Accounts Payable to Associate Companies**		
25		**Associate Company:**		
26		PPL Corporation (234)	1,820,182	1,611,821
27		PPL Services Corporation (234)	4,060,021	6,904,186
28		LG&E and KU Energy LLC (234)	684,443	0
29		PPL Electric Utilities Corporation (234)		1,394
40		Subtotal (Total of Lines 26-39)	6,564,646	8,517,401
41	242	**Miscellaneous Current and Accrued Liabilities**		
42		**Items List:**		
43		Miscellaneous Liability - Employee Life Insurance (242)		25,000
44		Miscellaneous Liability - Vested Vacation (242)	12,882,924	12,327,527
45		Accrued Short Term Incentive (242)	2,250,849	3,388,863
46		Pension Payable SERP Current (242)	5,500,734	5,692,542
47		Retirement Income Liability (242)	3,429,904	3,732,320
48		Incurred But Not Paid (IBNP) Medical and Dental Reserve (242)	1,901,964	2,314,023
49		Subtotal (Total of Lines 43-48)	25,966,375	27,480,275
50		TOTAL (LINES 23, 40, AND 49)	32,531,021	35,997,676

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule XIV - Notes to Financial Statements

1. Use the space below for important notes regarding the financial statements or any account thereof.
2. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year.
3. Furnish particulars as to any significant increase in services rendered or expenses incurred during the year.
4. Furnish particulars as to any amounts recorded in Extraordinary Income (Account 434) or Extraordinary Deductions (Account 435).
5. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.
6. Describe the annual statement supplied to each associate company in support of the amount of interest on borrowed capital and compensation for use of capital billed during the calendar year. State the basis for billing of interest to each associate company. If a ratio, describe in detail how ratio is computed. If more than one ratio, explain the calculation. Report the amount of interest borrowed and/or compensation for use of capital billed to each associate company.

Note 1 – Organization of LG&E and KU Services Company

LG&E and KU Services Company ("LKS" or the "Company"), a Kentucky corporation, is a wholly-owned subsidiary of LG&E and KU Energy LLC ("LKE") and a centralized service company under the Public Utility Holding Company Act of 2005 ("PUHCA 2005"). LKE, in turn, is a wholly-owned subsidiary of PPL Corporation ("PPL") and LKS became an indirect, wholly-owned subsidiary of PPL when PPL acquired all the limited liability company interests of LKE from E.ON US Investments Corp. on November 1, 2010. On December 1, 2010, PPL and certain subsidiaries, including LKE, filed a notification of holding company status with the Federal Energy Regulatory Commission ("FERC") under PUHCA 2005.

LKS provides certain services to affiliated entities, including LKE, LG&E and KU Capital LLC ("LKC"), Louisville Gas and Electric Company ("LG&E"), Kentucky Utilities Company ("KU"), Western Kentucky Energy Corp., FCD LLC, PPL Services Corporation, PPL Strategic Development, LLC, PPL EU Services Corporation, PPL Energy Holding, LLC, and PPL Rhode Island Holdings, LLC, at cost. LKS is organized along functional lines to accomplish its purpose of providing management, administrative, and technical services.

Note 2 - Summary of Significant Accounting Policies

LKS follows the FERC Uniform System of Accounts for Centralized Service Companies Subject to the Provisions of PUHCA 2005. The accompanying financial statements were prepared in accordance with the accounting requirements set forth in the Uniform System of Accounts and published accounting releases of the FERC, which is a comprehensive basis of accounting other than GAAP.

General. Dollars within these footnotes are in millions, unless otherwise noted.

Presentation

The accompanying financial statements are prepared on the regulatory basis of accounting in accordance with the requirements of the FERC, which is a comprehensive basis of accounting other than GAAP. The significant differences between GAAP and FERC reporting are as follows:

Reporting Classifications	FERC reporting	GAAP reporting
Deferred taxes	Reported gross on the Balance Sheet (a deferred asset and a deferred liability are recorded).	Reported as a net asset or net liability.
Income taxes	Income taxes, deferred taxes and investment tax credits are reported on separate lines on the Income Statement.	Income taxes, deferred taxes and investment tax credits are netted on a single line on the Income Statement.
Pension and OPEB non-service costs eligible for capitalization	Reported in PP&E.	Reported as a regulatory asset or regulatory liability.
Amounts presented within the Balance Sheet, Income Statement and Statement of Retained Earnings.	Reported without purchase accounting adjustments.	Reported with purchase accounting adjustments.

Property. Property, plant and equipment includes property that is in use and under construction, and is reported at cost. PP&E was not recorded at fair value as of the PPL acquisition for FERC-reporting purposes.

Depreciation and Amortization. Depreciation is computed on a straight-line basis. Office furniture is depreciated over 30 years and personal computers are depreciated over 5 years. Leasehold improvements are depreciated over the life of the lease.

Income Taxes. Significant management judgment is required in developing the Company's provision for income taxes, primarily due to the uncertainty related to tax positions taken or expected to be taken in tax returns and valuation allowances on deferred tax assets.

The Company uses a two-step process to evaluate tax positions. The first step requires an entity to determine whether, based on the technical merits supporting a particular tax position, it is more likely than not (greater than a 50% chance) that the tax position will be sustained. This determination assumes that the relevant taxing authority will examine the tax position and is aware of all the relevant facts surrounding the tax position. The second step requires an entity to recognize in the financial statements the benefit of a tax position that meets the more-likely-than-not recognition criterion. The benefit recognized is measured at the largest amount of benefit that has a likelihood of realization, upon settlement, that exceeds 50%. Unrecognized tax benefits are classified as current to the extent management expects to settle an 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 Company in future periods. At December 31, 2021, no significant changes in unrecognized tax benefits are projected over the next 12 months.

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

The Company records 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 Company determines 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 Company determines 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.

See Note 5 for additional discussion regarding income taxes.

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

Note 3 - Related Party Transactions

Provisions of Services

LKS engages in transactions in the normal course of business with other LKE subsidiaries and PPL subsidiaries. These transactions are primarily composed of services received and/or rendered including contracting with third party vendors for goods and services. These services are priced at cost which represents market.

LKS provides the subsidiaries of LKE and PPL with a variety of centralized administrative, management and support services. Charges for these services include labor, overheads and other expenses of LKS employees performing services for the subsidiaries of LKE and PPL and vouchers paid by LKS on behalf of the subsidiaries of LKE and PPL. The cost of these services is directly charged or, for general costs which cannot by directly attributed, charged based on predetermined allocation factors, including the ratios discussed in Methods of Allocations on pages 402.1 – 402.5.

Intercompany billings from LKS are listed on page 307, Analysis of Billing – Associate Companies (Account 457).

Intercompany billings are settled monthly; accordingly, there is no interest or other compensation charged for the use of capital.

Note 4 - Pension and Other Postretirement Benefit Plans

Although LKS does not directly sponsor any defined benefit plans, it is allocated a portion of the funded status and costs of plans sponsored by LKE based on its participation in those plans, which management believes are reasonable. The defined benefit pension plan of LKE and its subsidiaries was closed to new employees hired after December 31, 2005. Employees hired after December 31, 2005 receive additional company contributions above the standard matching contributions to their savings plans.

The majority of LKS employees are eligible for certain health care and life insurance benefits upon retirement through a contributory plan. Postretirement health benefits may be paid from a 401(h) account established as part of the LKE Pension plan within the PPL Services Corporation Master Trust, funded VEBA trusts, and company funds.

LKS allocates its pension and other postretirement costs to affiliates. LKS's allocated pension benefit costs charged to expense or regulatory assets, excluding amounts charged to construction and other non-expense accounts, for pension benefits were $18 million and $20 million in 2021 and 2020.

Net periodic defined benefits costs charged to expense, excluding amounts charged to construction and other non-expense accounts, for other postretirement benefits were ($1) million in 2021 and 2020.

The actuarially determined obligations of current active employees and retired employees of LKS are used as a basis to allocate total plan activity, including active and retiree costs and obligations. LKS's allocated share of the funded status of the pension plans resulted in a liability of $257 million and $258 million at December 31, 2021 and 2020. LKS's allocated share of other postretirement benefits resulted in a $20 million and $11 million noncurrent asset in 2021 and in 2020.

Plan Assets - Pension Plans

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

The investment policy of the Master Trust outlines investment objectives and defines the responsibilities of the Employee Benefit Plan Board (EBPB), external investment managers, investment advisor, 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 on the following page.

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

	Percentage of	Target Asset

	Trust Assets 2021	Allocation (a) 2021
Growth Portfolio	**55 %**	**55 %**
Equity securities	32 %	
Debt securities (a)	13 %	
Alternative investments	10 %	
Immunizing Portfolio	**43 %**	**43 %**
Debt securities (a)	35 %	
Derivatives	8 %	
Liquidity Portfolio	**2 %**	**2 %**
Total	100 %	**100 %**

	Percentage of Trust Assets 2020
Growth Portfolio	**56 %**
Equity securities	34 %
Debt securities (b)	13 %
Alternative investments	9 %
Immunizing Portfolio	**43 %**
Debt securities (b)	33 %
Derivatives	10 %
Liquidity Portfolio	**1 %**
Total	100 %

(a) Includes commingled debt funds, which the Company treats as debt securities for asset allocation purposes.

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

December 31, 2021

		Fair Value Measurements Using		
	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	$ 266	$ 266	$ —	$ —
Equity securities:				
U.S. Equity	41	41	—	—
U.S. Equity fund measured at NAV (a)	754	—	—	—
International equity fund at NAV (a)	511	—	—	—
Commingled debt measured at NAV (a)	677	—	—	—
Debt securities:		—	—	—
U.S. Treasury and U.S. government sponsored agency	281	280	1	—
Corporate	1,039	—	1,019	20
Other	14	—	14	—
Alternative investments:		—	—	—
Real estate measured at NAV (a)	69	—	—	—
Private equity measured at NAV (a)	94	—	—	—
Hedge funds measured at NAV (a)	236	—	—	—
Limited Partnerships measured at NAV (a)	—	—	—	—
Derivatives	35	—	35	—
PPL Services Corporation Master Trust assets, at fair value	$ 4,017	$ 587	$ 1,069	$ 20
Receivables and payables, net (b)	25			
401(h) account restricted for other postretirement benefit obligations	$ (155)			
Total PPL Services Corporation Master Trust pension assets	$ 3,887			

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

December 31, 2020

		Fair Value Measurements Using		
	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	$ 300	$ 300	$ —	$ —
Equity securities:				
U.S. Equity	60	60	—	—
U.S. Equity fund measured at NAV (a)	742	—	—	—
International equity fund at NAV (a)	566	—	—	—
Commingled debt measured at NAV (a)	712	—	—	—
Debt securities:				
U.S. Treasury and U.S. government sponsored agency	336	335	1	—
Corporate	1,045	—	1,030	15
Other	13	—	13	—
Alternative investments:				
Real estate measured at NAV (a)	76	—	—	—
Private equity measured at NAV (a)	68	—	—	—
Hedge funds measured at NAV (a)	223	—	—	—
Limited Partnerships measured at NAV (a)	6	—	—	—
Derivatives	(37)	—	(37)	—
PPL Services Corporation Master Trust assets, at fair value	$ 4,110	$ 695	$ 1,007	$ 15
Receivables and payables, net (b)	116			
401(h) account restricted for other postretirement benefit obligations	(158)			
Total PPL Services Corporation Master Trust pension assets	$ 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 represent 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
Actual return on plan assets			
Relating to assets still held at the reporting date			
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. The Master Trust has 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

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

Expected Cash Flows - Defined Benefit Plans

While the LKS defined benefit pension plan has the option to utilize available prior year credit balances to meet current and future contribution requirements, LKS made contributions to the defined benefit plan of $17 million in January 2020. Additionally, LKS accelerated its planned January 2021 contribution of $17 million to December 2020. No contributions were made in 2021. No contributions are expected to be made in 2022.

LKE sponsors various non-qualified supplemental pension plans for which no assets are segregated from corporate assets. LKS contributions to offset Supplemental Executive Retirement Plan ("SERP") payments totaled $5 million in 2021 and 2020. LKS expects to make $6 million of benefit payments under these plans in 2022.

LKS is not required to make contributions to its other postretirement benefit plan but has historically funded this plan in amounts equal to the postretirement benefit costs recognized. LKS funded this plan $3 million and $2 million in 2021 and 2020. Continuation of this past practice would cause LKS to contribute a projected $2 million to its other postretirement benefit plan in 2022.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid by LKE Plans for LKS retirees.

	Pensions	Postretirement
2022	$ 44	$ 3
2023	46	3
2024	46	3
2025	47	4
2026	45	4
2027-2031	217	19

Savings Plans

Substantially all of LKS’s employees are eligible to participate in a deferred savings plan (401(k)). Employer contributions to the plan totaled $9 million and $8 million in 2022 and 2021.

Note 5 - Income Taxes

LKS's federal income tax return is included in a United States consolidated income tax return filed by LKS's parent, PPL. Each subsidiary of the consolidated tax group calculates its separate income tax for each period. The resulting separate-return tax cost or benefit is paid to or received from the parent company or its designee. The Company also files income tax returns in various state jurisdictions. The tax years for 2017 and prior for Federal and 2014 and prior for State are no longer subject to examination.

Components of income tax expense are shown in the table below for the year ended December 31:

	2021	2020
Income Tax Expense (Benefit)		
Current – Federal	$ 3	$ 1
Current – State	(1)	1
Deferred – Federal	(3)	(1)
Deferred – State	1	(1)
Total income tax expense (benefit)	$ —	$ —

	2021	2020
Reconciliation of Income Tax Expense (Benefit)		
Increases (decreases) due to:		
Other	—	—
Total income tax expense (benefit)	$—	$—

Deferred tax assets and liabilities are summarized below as of December 31:

	2021	2020
Deferred tax assets:		
Pensions and similar obligations	$58	$60
Liabilities and other	10	14
Total Deferred tax assets	$68	$74

Note 6 - Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income consisted of the following:

	Funded Status of Pension and Postretirement Plans		
(in millions)	Pretax	Tax	Net
Balance at December 31, 2019	($176)	45	($131)
Change in funded status of pension and postretirement plans	12	(3)	9
Balance at December 31, 2020	($164)	$42	($122)
Change in funded status of pension and postretirement plans	31	(7)	24
Balance at December 31, 2021	($133)	$35	($98)

Organization Chart

The following were officers of LKS as of December 31, 2021:

John R. Crockett III–President
- Lonnie E. Bellar-Chief Operating Officer
  - Steven B. Turner-Vice President, Power Generation
  - Thomas A. Jessee-Vice President, Gas Operations
  - Elizabeth J. McFarland-Vice President, Transmission
  - Eileen L. Saunders-Vice President, Customer Services
  - David S. Sinclair-Vice President, Energy Supply and Analysis
    - Ronald Scott Straight-Vice President, Project Engineering
  - John K. Wolfe-Vice President, Electric Distribution

Kent W. Blake-Chief Financial Officer
- Daniel K. Arbough-Treasurer
- Robert M. Conroy-Vice President, State Regulation and Rates
- Christopher M. Garrett-Controller

David J. Freibert-Vice President, External Affairs

Gregory J. Meiman-Vice President, Human Resources

Mary C. Whelan-Vice President, Communications and Corporate Responsibility
- Angie McDonald Evans-Vice President, Corporate Responsibility and Community Affairs

John P. Fendig-Corporate Secretary
Deborah C. Gregor-Assistant Corporate Secretary
Eric Slavinsky-Chief Information Officer

Paul W. Thompson, President and Chief Executive Officer, announced his retirement, effective January 1, 2022.

John R. Crockett III, General Counsel, Chief Compliance Officer and Corporate Secretary, was named President, effective January 1, 2022.

Name of Respondent:	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report:

LG&E and KU Services Company	(1) An Original (2) A Resubmission	04/29/2022	End of: 2021/ Q4

Schedule XV - Comparative Income Statement

Line No.	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)
1		SERVICE COMPANY OPERATING REVENUES		
2	400	Service Company Operating Revenues	357,402,627	354,897,536
3		SERVICE COMPANY OPERATING EXPENSES		
4	401	Operation Expenses	221,447,150	218,454,349
5	402	Maintenance Expenses	11,173,406	9,095,205
6	403	Depreciation Expenses	1,823,387	2,051,618
7	403.1	Depreciation Expense for Asset Retirement Costs		
8	404	Amortization of Limited-Term Property		
9	405	Amortization of Other Property		
10	407.3	Regulatory Debits		
11	407.4	Regulatory Credits		
12	408.1	Taxes Other Than Income Taxes, Operating Income	12,804,415	12,024,371
13	409.1	Income Taxes, Operating Income	3,405,510	2,034,871
14	410.1	Provision for Deferred Income Taxes, Operating Income	10,390,428	5,105,650
15	411.1	Provision for Deferred Income Taxes - Credit , Operating Income	(12,134,356)	(6,931,272)
16	411.4	Investment Tax Credit, Service Company Property		
17	411.6	Gains from Disposition of Service Company Plant	0	
18	411.7	Losses from Disposition of Service Company Plant	0	
19	411.10	Accretion Expense	0	
20	412	Costs and Expenses of Construction or Other Services	105,327,258	111,153,213
21	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work	15,115	23,359
22		TOTAL SERVICE COMPANY OPERATING EXPENSES (Total of Lines 4-21)	354,252,313	353,011,364
23		NET SERVICE COMPANY OPERATING INCOME (Total of Lines 2 less 22)	3,150,314	1,886,172
24		OTHER INCOME		
25	418.1	Equity in Earnings of Subsidiary Companies	0	
26	419	Interest and Dividend Income	13,329	397,789
27	419.1	Allowance for Other Funds Used During Construction	0	
28	421	Miscellaneous Income or Loss	0	
29	421.1	Gain on Disposition of Property	0	
30		TOTAL OTHER INCOME (Total of Lines 25-29)	13,329	397,789
31		OTHER INCOME DEDUCTIONS		
32	421.2	Loss on Disposition of Property	530,015	
33	425	Miscellaneous Amortization	0	
34	426.1	Donations	0	
35	426.2	Life Insurance	0	
36	426.3	Penalties	0	
37	426.4	Expenditures for Certain Civic, Political and Related Activities	1,273,972	1,207,802
38	426.5	Other Deductions	3,007,908	887,620

39		TOTAL OTHER INCOME DEDUCTIONS (Total of Lines 32-38)	4,811,895	2,095,422
40		TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS		
41	408.2	Taxes Other Than Income Taxes, Other Income and Deductions		
42	409.2	Income Taxes, Other Income and Deductions	(1,201,013)	(429,388)
43	410.2	Provision for Deferred Income Taxes, Other Income and Deductions		
44	411.2	Provision for Deferred Income Taxes - Credit, Other Income and Deductions		
45	411.5	Investment Tax Credit, Other Income Deductions		
46		TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS (Total of Lines 41-45)	(1,201,013)	(429,388)
47		INTEREST CHARGES		
48	427	Interest on Long-Term Debt	0	
49	428	Amortization of Debt Discount and Expense	0	
50	429	(less) Amortization of Premium on Debt- Credit	0	
51	430	Interest on Debt to Associate Companies	0	
52	431	Other Interest Expense	0	
53	432	(less) Allowance for Borrowed Funds Used During Construction-Credit	0	
54		TOTAL INTEREST CHARGES (Total of Lines 48-53)	0	0
55		NET INCOME BEFORE EXTRAORDINARY ITEMS (Total of Lines 23, 30, minus 39, 46, and 54)	(447,239)	617,927
56		EXTRAORDINARY ITEMS		
57	434	Extraordinary Income		
58	435	(less) Extraordinary Deductions		
59		Net Extraordinary Items (Line 57 less Line 58)	0	0
60	409.4	(less) Income Taxes, Extraordinary		
61		Extraordinary Items After Taxes (Line 59 less Line 60)	0	0
62		NET INCOME OR LOSS/COST OF SERVICE (Total of Lines 55 and 61)	(447,239)	617,927

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule XVI - Analysis of Charges for Service - Associate and Nonassociate Companies

1. Total cost of service will equal for associate and non-associate companies the total amount billed under their separate analysis of billing schedules.

Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
1	403-403.1	Depreciation Expense	0	1,823,387	1,823,387			0	0	1,823,387	1,823,387
2	404-405	Amortization Expense	0	0	0			0	0	0	0
3	407.3-407.4	Regulatory Debits/Credits - Net	0	0	0			0	0	0	0

4	408.1-408.2	Taxes Other Than Income Taxes	641,445	12,162,970	12,804,415			0	641,445	12,162,970	12,804,415
5	409.1-409.3	Income Taxes	0	0	0			0	0	0	0
6	410.1-410.2	Provision for Deferred Taxes	0	0	0			0	0	0	0
7	411.1-411.2	Provision for Deferred Taxes - Credit	0	0	0			0	0	0	0
8	411.6	Gain from Disposition of Service Company Plant	0	0	0			0	0	0	0
9	411.7	Losses from Disposition of Service Company Plant	0	0	0			0	0	0	0
10	411.4-411.5	Investment Tax Credit Adjustment	0	0	0			0	0	0	0
11	411.10	Accretion Expense	0	0	0			0	0	0	0
12	412	Costs and Expenses of Construction or Other Services	60,288,112	45,039,146	105,327,258			0	60,288,112	45,039,146	105,327,258
13	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies	15,115	0	15,115			0	15,115	0	15,115
14	418	Non-operating Rental Income	0	0	0			0	0	0	0
15	418.1	Equity in Earnings of Subsidiary Companies	0	0	0			0	0	0	0
16	419	Interest and Dividend Income	13,329	0	13,329			0	13,329	0	13,329
17	419.1	Allowance for Other Funds Used During Construction	0	0	0			0	0	0	0
18	421	Miscellaneous Income or Loss	0	0	0			0	0	0	0
19	421.1	Gain on Disposition of Property	0	0	0			0	0	0	0
20	421.2	Loss on Disposition Of Property	530,015	0	530,015			0	530,015	0	530,015
21	425	Miscellaneous Amortization	0	0	0			0	0	0	0
22	426.1	Donations	0	0	0			0	0	0	0
23	426.2	Life Insurance	0	0	0			0	0	0	0
24	426.3	Penalties	0	0	0			0	0	0	0
25	426.4	Expenditures for Certain Civic, Political and Related Activities	49,500	1,224,472	1,273,972			0	49,500	1,224,472	1,273,972
26	426.5	Other Deductions	2,188,745	819,163	3,007,908			0	2,188,745	819,163	3,007,908

27	427	Interest On Long-Term Debt	0	0	0			0	0	0	0
28	428	Amortization of Debt Discount and Expense	0	0	0			0	0	0	0
29	429	Amortization of Premium on Debt - Credit	0	0	0			0	0	0	0
30	430	Interest on Debt to Associate Companies	0	0	0			0	0	0	0
31	431	Other Interest Expense	0	0	0			0	0	0	0
32	432	Allowance for Borrowed Funds Used During Construction	0	0	0			0	0	0	0
33	500-509	Total Steam Power Generation Operation Expenses	2,298,095	11,125,948	13,424,043			0	2,298,095	11,125,948	13,424,043
34	510-515	Total Steam Power Generation Maintenance Expenses	1,773,757	4,257,069	6,030,826			0	1,773,757	4,257,069	6,030,826
35	517-525	Total Nuclear Power Generation Operation Expenses	0	0	0			0	0	0	0
36	528-532	Total Nuclear Power Generation Maintenance Expenses	0	0	0			0	0	0	0
37	535-540.1	Total Hydraulic Power Generation Operation Expenses	42,828	0	42,828			0	42,828	0	42,828
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses	4,554	0	4,554			0	4,554	0	4,554
39	546-550.1	Total Other Power Generation Operation Expenses	259,357	0	259,357			0	259,357	0	259,357
40	551-554.1	Total Other Power Generation Maintenance Expenses	74,550	0	74,550			0	74,550	0	74,550
41	555-557	Total Other Power Supply Operation Expenses	855	4,258,544	4,259,399			0	855	4,258,544	4,259,399
42	560	Operation Supervision and Engineering	55,441	2,751,717	2,807,158			0	55,441	2,751,717	2,807,158
43	561.1	Load Dispatch-Reliability	0	1,057,161	1,057,161			0	0	1,057,161	1,057,161
44	561.2	Load Dispatch-Monitor and Operate Transmission	0	3,943,707	3,943,707			0	0	3,943,707	3,943,707

		System									
45	561.3	Load Dispatch-Transmission Service and Scheduling	0	1,085,190	1,085,190			0	0	1,085,190	1,085,190
46	561.4	Scheduling, System Control and Dispatch Services	0	0	0			0	0	0	0
47	561.5	Reliability Planning and Standards Development	0	947,530	947,530			0	0	947,530	947,530
48	561.6	Transmission Service Studies	129,482	0	129,482			0	129,482	0	129,482
49	561.7	Generation Interconnection Studies	37,221	0	37,221			0	37,221	0	37,221
50	561.8	Reliability Planning and Standards Development Services	0	0	0			0	0	0	0
51	562	Station Expenses (Major Only)	110,106	0	110,106			0	110,106	0	110,106
51.1	562.1	Operation of Energy Storage Equipment									
52	563	Overhead Line Expenses (Major Only)	95,250	0	95,250			0	95,250	0	95,250
53	564	Underground Line Expenses (Major Only)	0	0	0			0	0	0	0
54	565	Transmission of Electricity by Others (Major Only)	0	0	0			0	0	0	0
55	566	Miscellaneous Transmission Expenses (Major Only)	79,353	1,325,101	1,404,454			0	79,353	1,325,101	1,404,454
56	567	Rents	0	0	0			0	0	0	0
57	567.1	Operation Supplies and Expenses (Nonmajor Only)	0	0	0			0	0	0	0
58		Total Transmission Operation Expenses	506,853	11,110,406	11,617,259			0	506,853	11,110,406	11,617,259
59	568	Maintenance Supervision and Engineering (Major Only)	0	0	0			0	0	0	0
60	569	Maintenance of Structures (Major Only)	0	0	0			0	0	0	0
61	569.1	Maintenance of Computer Hardware	0	0	0			0	0	0	0
62	569.2	Maintenance of Computer Software	0	0	0			0	0	0	0
63	569.3	Maintenance of Communication Equipment	0	0	0			0	0	0	0

64	569.4	Maintenance of Miscellaneous Regional Transmission Plant	0	0	0			0	0	0	0
65	570	Maintenance of Station Equipment (Major Only)	315,642	827,230	1,142,872			0	315,642	827,230	1,142,872
65.1	570.1	Maintenance of Energy Storage Equipment									
66	571	Maintenance of Overhead Lines (Major Only)	463,255	0	463,255			0	463,255	0	463,255
67	572	Maintenance of Underground Lines (Major Only)	0	0	0			0	0	0	0
68	573	Maintenance of Miscellaneous Transmission Plant (Major Only)	239,058	12,477	251,535			0	239,058	12,477	251,535
69	574	Maintenance of Transmission Plant (Nonmajor Only)	0	0	0			0	0	0	0
70		Total Transmission Maintenance Expenses	1,017,955	839,707	1,857,662			0	1,017,955	839,707	1,857,662
71	575.1-575.8	Total Regional Market Operation Expenses	0	0	0			0	0	0	0
72	576.1-576.5	Total Regional Market Maintenance Expenses	0	0	0			0	0	0	0
73	580-589	Total Distribution Operation Expenses	2,053,283	11,530,704	13,583,987	74,965	0	74,965	2,128,248	11,530,704	13,658,952
74	590-598	Total Distribution Maintenance Expenses	348,238	573,471	921,709			0	348,238	573,471	921,709
75		Total Electric Operation and Maintenance Expenses	72,079,928	104,764,987	176,844,915	74,965	0	74,965	72,154,893	104,764,987	176,919,880
76	700-798	Production Expenses (Provide selected accounts in a footnote)	0	0	0			0	0	0	0
77	800-813	Total Other Gas Supply Operation Expenses	1,662	0	1,662			0	1,662	0	1,662
78	814-826	Total Underground Storage Operation Expenses	116,369	0	116,369			0	116,369	0	116,369
79	830-837	Total Underground Storage Maintenance Expenses	58,356	0	58,356			0	58,356	0	58,356

80	840-842.3	Total Other Storage Operation Expenses	0	0	0			0	0	0	0
81	843.1-843.9	Total Other Storage Maintenance Expenses	0	0	0			0	0	0	0
82	844.1-846.2	Total Liquefied Natural Gas Terminaling and Processing Operation Expenses	0	0	0			0	0	0	0
83	847.1-847.8	Total Liquefied Natural Gas Terminaling and Processing Maintenance Expenses	0	0	0			0	0	0	0
84	850	Operation Supervision and Engineering	1,670,407	0	1,670,407			0	1,670,407	0	1,670,407
85	851	System Control and Load Dispatching	0	0	0			0	0	0	0
86	852	Communication System Expenses	0	0	0			0	0	0	0
87	853	Compressor Station Labor and Expenses	0	0	0			0	0	0	0
88	854	Gas for Compressor Station Fuel	0	0	0			0	0	0	0
89	855	Other Fuel and Power for Compressor Stations	0	0	0			0	0	0	0
90	856	Mains Expenses	0	0	0			0	0	0	0
91	857	Measuring and Regulating Station Expenses	0	0	0			0	0	0	0
92	858	Transmission and Compression of Gas By Others	0	0	0			0	0	0	0
93	859	Other Expenses	94,926	0	94,926			0	94,926	0	94,926
94	860	Rents	0	0	0			0	0	0	0
95		Total Gas Transmission Operation Expenses	1,765,333	0	1,765,333			0	1,765,333	0	1,765,333
96	861	Maintenance Supervision and Engineering	0	0	0			0	0	0	0
97	862	Maintenance of Structures and Improvements	0	0	0			0	0	0	0
98	863	Maintenance of Mains	866	0	866			0	866	0	866
99	864	Maintenance of Compressor Station Equipment	0	0	0			0	0	0	0

100	865	Maintenance of Measuring And Regulating Station Equipment	0	0	0			0	0	0	0
101	866	Maintenance of Communication Equipment	0	0	0			0	0	0	0
102	867	Maintenance of Other Equipment	0	0	0			0	0	0	0
103		Total Gas Transmission Maintenance Expenses	866	0	866			0	866	0	866
104	870-881	Total Distribution Operation Expenses	414,425	946,423	1,360,848			0	414,425	946,423	1,360,848
105	885-894	Total Distribution Maintenance Expenses	85,059	148,533	233,592			0	85,059	148,533	233,592
106		Total Natural Gas Operation and Maintenance Expenses	2,442,070	1,094,956	3,537,026			0	2,442,070	1,094,956	3,537,026
107	901	Supervision	153,611	5,814,421	5,968,032			0	153,611	5,814,421	5,968,032
108	902	Meter reading expenses	27,646	571,672	599,318			0	27,646	571,672	599,318
109	903	Customer records and collection expenses	1,033,185	16,675,324	17,708,509			0	1,033,185	16,675,324	17,708,509
110	904	Uncollectible accounts	0	0	0			0	0	0	0
111	905	Miscellaneous customer accounts expenses	0	48	48			0	0	48	48
112		Total Customer Accounts Operation Expenses	1,214,442	23,061,465	24,275,907			0	1,214,442	23,061,465	24,275,907
113	907	Supervision	0	856,906	856,906			0	0	856,906	856,906
114	908	Customer assistance expenses	1,395,668	815,015	2,210,683			0	1,395,668	815,015	2,210,683
115	909	Informational And Instructional Advertising Expenses	58,238	0	58,238			0	58,238	0	58,238
116	910	Miscellaneous Customer Service And Informational Expenses	337,195	1,018,904	1,356,099			0	337,195	1,018,904	1,356,099
117		Total Service and Informational Operation Accounts	1,791,101	2,690,825	4,481,926			0	1,791,101	2,690,825	4,481,926
118	911	Supervision	0	0	0			0	0	0	0
119	912	Demonstrating and Selling Expenses	0	119	119			0	0	119	119
120	913	Advertising Expenses	0	0	0			0	0	0	0

121	916	Miscellaneous Sales Expenses	0	0	0			0	0	0	0
122		Total Sales Operation Expenses	0	119	119			0	0	119	119
123	920	Administrative and General Salaries	6,119,054	62,652,184	68,771,238			0	6,119,054	62,652,184	68,771,238
124	921	Office Supplies and Expenses	117,623	11,805,152	11,922,775			0	117,623	11,805,152	11,922,775
125	923	Outside Services Employed	3,993,637	8,532,825	12,526,462			0	3,993,637	8,532,825	12,526,462
126	924	Property Insurance	0	0	0			0	0	0	0
127	925	Injuries and Damages	47	9,619	9,666			0	47	9,619	9,666
128	926	Employee Pensions and Benefits	10,139,107	39,930,945	50,070,052			0	10,139,107	39,930,945	50,070,052
129	928	Regulatory Commission Expenses	254,092	0	254,092			0	254,092	0	254,092
130	930.1	General Advertising Expenses	0	0	0			0	0	0	0
131	930.2	Miscellaneous General Expenses	1,397	564,054	565,451			0	1,397	564,054	565,451
132	931	Rents	9,620	2,053,791	2,063,411			0	9,620	2,053,791	2,063,411
133		Total Administrative and General Operation Expenses	20,634,577	125,548,570	146,183,147			0	20,634,577	125,548,570	146,183,147
134	935	Maintenance of Structures and Equipment	362,022	1,629,270	1,991,292			0	362,022	1,629,270	1,991,292
135		Total Administrative and General Maintenance Expenses	24,002,142	152,930,249	176,932,391			0	24,002,142	152,930,249	176,932,391
136		Total Cost of Service	98,524,140	258,790,192	357,314,332	74,965	0	74,965	98,599,105	258,790,192	357,389,297

FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule XVII - Analysis of Billing - Associate Companies (Account 457)

1. For Services Rendered to Associate Companies (Account 457), list all of the associate companies.

Line No.	Name of Associate Company (a)	Account 457.1 Direct Costs Charged (b)	Account 457.2 Indirect Costs Charged (c)	Account 457.3 Compensation for Use of Capital (d)	Total Amount Billed (e)
1	Louisville Gas and Electric Company	43,278,392	122,989,437		166,267,829
2	Kentucky Utilities Company	40,997,638	135,220,731		176,218,369
3	Western Kentucky Energy Corp.	400			400
4	FCD LLC	2,130			2,130
5	LG&E and KU Energy LLC	40,684			40,684

6	LG&E and KU Capital LLC	13,775,421	447,369		14,222,790
7	PPL Services Corporation	177,125	47,721		224,846
8	PPL Energy Holdings, LLC	26,398	8,799		35,197
9	PPL Strategic Development, LLC	68,547	22,060		90,607
10	PPL EU Services Corporation	34,205	11,418		45,623
11	PPL Rhode Island Holdings, LLC	136,529	42,657		179,186
12					0
40	Total	98,537,469	258,790,192	0	357,327,661

FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule XVIII - Analysis of Billing - Non-Associate Companies (Account 458)

1. For Services Rendered to Non-Associate Companies (Account 458), list all of the non-associate companies. In a footnote, describe the services rendered to each respective non-associate company.

Line No.	Name of Non-associate Company (a)	Account 458.1 Direct Costs Charged (b)	Account 458.2 Indirect Costs Charged (c)	Account 458.3 Compensation for Use of Capital (d)	Account 458.4 Excess or Deficiency on Servicing Non-associate Utility Companies (e)	Total Amount Billed (f)
1	(a) Entergy Corporation	36,104				36,104
2	(b) Cleco	38,861				38,861
3						0
40	Total	74,965	0	0	0	74,965

FERC FORM No. 60 (REVISED 12-07)

FOOTNOTE DATA

(a) Concept: NonAssociateCompanyName

Mutual assistance for storm restoration.

(b) Concept: NonAssociateCompanyName

Mutual assistance for storm restoration.

FERC FORM No. 60 (REVISED 12-07)

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule XIX - Miscellaneous General Expenses - Account 930.2

1. Provide a listing of the amount included in Miscellaneous General Expenses (Account 930.2), classifying such expenses according to their nature. Amounts less than $50,000 may be grouped showing the number of items and the total for the group.
2. Payments and expenses permitted by Section 321 (b)(2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. 441(b)(2)) shall be separately classified.

Line No.	Title of Account (a)	Amount (b)
1	R&D expenditures and other	565,451
40	Total	565,451

FERC FORM No. 60 (REVISED 12-07)

This Report Is:

Name of Respondent: LG&E and KU Services Company	(1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule XX - Organization Chart

1. Provide a graphical presentation of the relationships and inter relationships within the service company that identifies lines of authority and responsibility in the organization.

FERC FORM No. 60 (NEW 12-05)

Page 401

Name of Respondent: LG&E and KU Services Company	This Report Is: (1) An Original (2) A Resubmission	Resubmission Date (Mo, Da, Yr) 04/29/2022	Year/Period of Report: End of: 2021/ Q4

Schedule XXI - Methods of Allocation

1. Indicate the service department or function and the basis for allocation used when employees render services to more than one department or functional group. If a ratio, include the numerator and denominator.
2. Include any other allocation methods used to allocate costs.

Service Department or Function	Basis of Allocation
Customer Service	Number of Customers Ratio
Sales and Marketing	Number of Customers Ratio
Economic Development and Major Accounts	Number of Customers Ratio
Meter Reading Services	Number of Meters Ratio
Cash Remittance	Revenue Ratio
Billing Integrity	Number of Customers Ratio
Energy Efficiency	Number of Customers Ratio
Smart Grid Strategy	Number of Customers Ratio
Field Services	Total Utility Plant Assets Ratio
CCS Retail Business Readiness	Number of Customers Ratio
Project Engineering	Generation Ratio
System Laboratory	Total Utility Plant Assets Ratio
Generation	Total Utility Plant Assets Ratio; Generation Ratio
Generation Services	Total Utility Plant Assets Ratio; Generation Ratio
Fuel Procurement	Contract Ratio
Strategy, Reliability and Tariffs	Transmission Ratio
Operations and Construction	Transmission Ratio; Total Utility Plant Assets Ratio
Reliability and Compliance	Transmission Ratio
Energy Marketing	Generation Ratio
Market Forecasting	Generation Ratio
Load Forecasting	Generation Ratio
Generation Planning and Analysis	Generation Ratio
Network Trouble and Dispatch	Number of Customers Ratio
Electric Engineering	Total Utility Plant Assets Ratio
Distribution Asset Management	Number of Customers Ratio; Total Utility Plant Assets Ratio
Forestry	Total Utility Plant Assets Ratio
Substation Construction and Maintenance	Total Utility Plant Assets Ratio
Electric Reliability/Analysis	Total Utility Plant Assets Ratio
Safety and Technical Training	Number of Employees Ratio; Revenue, Total Assets and Number of Employees Ratio; Generation Ratio; Total Utility Plant Assets Ratio; Transmission Ratio
Budgeting	Revenue, Total Assets and Number of Employees Ratio; Transmission Ratio; Generation Ratio; Number of Customers Ratio
Financial Planning	Revenue, Total Assets and Number of Employees Ratio
Accounting and Reporting	Revenue, Total Assets and Number of Employees Ratio
Property Accounting	Total Utility Plant Assets Ratio
Revenue Accounting	Revenue Ratio
Payroll	Number of Employees Ratio
Tax Accounting, Compliance and Reporting	Revenue, Total Assets and Number of Employees Ratio
Audit Services	Revenue, Total Assets and Number of Employees Ratio
Sarbanes-Oxley Compliance	Revenue, Total Assets and Number of Employees Ratio
Treasury and Corporate Finance	Revenue, Total Assets and Number of Employees Ratio
Risk Management	Revenue, Total Assets and Number of Employees Ratio
Credit Administration	Generation Ratio
Energy Marketing Trading Controls	Generation Ratio
Supply Chain	Revenue, Total Assets and Number of Employees Ratio; Number of Employees Ratio
Accounts Payable	Revenue, Total Assets and Number of Employees Ratio
IT Security	Network Users Ratio; Number of Employees Ratio
IT Applications Development and Support	Network Users Ratio; Number of Employees Ratio; Number of Customers Ratio; Ultimate Users Ratio
IT Infrastructure and Operations	Network Users Ratio; Number of Employees Ratio
IT Governance	Network Users Ratio; Number of Employees Ratio
IT Business Services	Network Users Ratio; Number of Employees Ratio
IT Major Projects	Network Users Ratio; Number of Employees Ratio; Ultimate Users Ratio
Legal	Revenue, Total Assets and Number of Employees Ratio
Compliance	Number of Employees Ratio; Total Utility Plant Assets Ratio
Environmental Affairs	Generation Ratio
Regulatory Affairs	Revenue Ratio
Government Affairs Management	Revenue Ratio
Internal Communications	Number of Employees Ratio
External and Brand Communications	Number of Customers Ratio
Public Affairs Management	Number of Customers Ratio
Facilities and Buildings	Facilities Ratio; Transmission Ratio; Generation Ratio
	Number of Employees Ratio

Security	Number of Customers Ratio
Production Mail	Number of Employees Ratio
Document	Number of Customers Ratio
Process Management and Performance	Number of Customers Ratio
Right-of-Way	Total Utility Plant Assets Ratio; Vehicle Cost Allocation Ratio
Transportation	Number of Employees Ratio
	Number of Employees Ratio
HR Compensation	Number of Employees Ratio
HR Benefits	Number of Employees Ratio
Other HR Services	
Health and Safety	
Executive Management	Generation Ratio; Number of Customers Ratio; Network Users Ratio; Number of Employees Ratio; Revenue Ratio; Revenue, Total Assets and Number of Employees Ratio; Total Utility Plant Assets Ratio; Transmission Ratio

Contract Ratio – Based on the sum of the physical amount (i.e. tons of coal, mmbtu of natural gas) of the contract for coal and natural gas fuel burned for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company and the denominator of which is for all operating companies. This ratio is calculated on an annual basis.

Departmental Charge Ratio – A specific department ratio based upon various factors. The departmental charge ratio typically applies to indirectly attributable costs such as departmental administrative, support, and/or material and supply costs that benefit more than one affiliate and that require allocation using general measures of cost causation. Methods for assignment are department-specific depending on the type of service being performed and are documented and monitored by the Budget Analysts for each department. The numerator and denominator vary by department. The ratio is based upon various factors such as labor hours, labor dollars, departmental or entity headcount, capital expenditures, operations and maintenance costs, retail energy sales, charitable contributions, generating plant sites, average allocation of direct reports, net book value of utility plant, total line of business assets, electric capital expenditures, substation assets and transformer assets. The Departmental Charge Ratio will only be used with prior approval by the Controller when other applicable ratios would not result in the fair assignment of costs. These ratios are calculated on an annual basis.

Facilities Ratio – Based on a two-tiered approach with one tier based on the number of employees by department or line of business and the other tier based on the applicable department or line of business ratio. The numerator for the number of employees is the number of employees by department or line of business at the facility and the denominator is the total employees at the facility. The numerator and denominator for the applicable department or line of business for the service provided as described in this document.

Generation Ratio – Based on the annual forecast of megawatt hours, the numerator of which is for an operating company and the denominator of which is for all operating companies. This ratio is calculated on an annual basis.

Network Users Ratio – Based on the number of IT network users at the end of the previous calendar year. A two-step assignment methodology is utilized to properly allocate costs to the proper legal entity. The numerator for the first step of this ratio is the total number of network users for each specific company, and the denominator is the total number of network users for all companies in which an allocator is assigned (i.e. LG&E, KU, LKS and PPL). For the second step, the ratio of LKS network users, to total network users will then be allocated to the other companies (LG&E, KU, and LKC) based on each company's ratio of LKS labor hours to total LKS labor hours. This ratio is calculated on an annual basis.

Number of Customers Ratio – Based on the number of retail electric and/or gas customers. This ratio will be determined based on the actual number of customers at the end of the previous calendar year. In some cases, the ratio may be calculated based on the type of customer class being served (i.e. Residential, Commercial or Industrial). The numerator is the total number of each Company's retail customers. The denominator is the total number of retail customers for both LG&E and KU. This ratio is calculated on an annual basis.

Number of Employees Ratio – Based on the number of employees benefiting from the performance of a service. This ratio will be determined based on actual counts of applicable employees at the end of the previous calendar year. A two-step assignment methodology is utilized to properly allocate LKS employee costs to the proper legal entity. The numerator for the first step of this ratio is the total number of employees for each specific company, and the denominator is the total number of employees for all companies in which an allocator is assigned (i.e. LG&E, KU, and LKS). For the second step, the ratio of LKS to total employees will then be allocated to the other companies (LG&E, KU, and LKC) based on each company's ratio of labor hours to total labor hours. LKC has no employees, but non-utility related labor is charged to it. In some cases, the ratio may be calculated based on the number of employees at a specific location for the first step with the ratio of LKS to total employees being allocated based on labor hours of the employees at the specific location. This ratio is calculated on an annual basis.

Number of Meters Ratio – Based on the number or types of meters being utilized by customer classes within the system for the immediately preceding twelve consecutive calendar months. The numerator is equal to the number of meters for each utility and the denominator is equal to the total meters for KU and LG&E. This ratio is calculated on an annual basis.

Ownership Percentages – Based on the contractual ownership percentages of jointly-owned generating units, information technology, facilities and other capital projects. This ratio is updated as a result of a new jointly-owned

capital projects and is based on the benefit to the respective company. The numerator is the specific company's forecasted usage. The denominator is the total forecasted usage of all respective companies.

Revenue Ratio – Based on the sum of the revenue for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company and the denominator of which is for all operating companies. This ratio is calculated on an annual basis.

Revenue, Total Assets and Number of Employees Ratio – Based on an average of the revenue, total assets and number of employees ratios. The numerator is the sum of Revenue Ratio, Total Assets Ratio and Number of Employees Ratio for the specific company. The denominator is three – the number of ratios being averaged. This ratio is calculated on an annual basis.

Total Assets Ratio – Based on the total assets at year-end for the preceding year. In the event of joint ownership of a specific asset, asset ownership percentages are utilized to assign costs. The numerator is the total assets for each specific company at the end of the preceding year. The denominator is the sum of total assets for each company in which an allocator is assigned (LG&E, KU and LKC). This ratio is calculated on an annual basis.

Total Utility Plant Assets Ratio – Based on the total utility plant assets at year-end for the preceding year, the numerator of which is for an operating company and the denominator of which is for all operating companies. In the event of joint ownership of a specific asset, ownership percentages are utilized to assign costs. This ratio is calculated on an annual basis.

Transmission Ratio – The Transmission Coordination Agreement (TCA) provides "the contractual basis for the coordinated planning, operation, and maintenance of the combined" LG&E and KU transmission system. Pursuant to the terms of the TCA, LG&E/KU "operate their transmission systems as a single control area." The TCA establishes cost and revenue allocations between LG&E and KU. The Transmission Ratio is based upon Schedule A (Allocation of Operating Expenses of the Transmission System Operator) of the TCJA. Transmission System Operator Company allocation percentages are calculated during June of each year to be effective July 1st of each year using the previous year's summation of the Transmission Peak Demands as found in FERC Form 1 for Kentucky Utilities Company (KU) and Louisville Gas & Electric Company (LG&E) page 400 line 17(b).

Ultimate Users Ratio – Based on the number of ultimate users of an IT product or service (i.e., software, hardware, mobile devices, etc.) at the end of the previous calendar year. A two-step assignment methodology is utilized to properly allocate costs to the proper legal entity. The numerator for the first step of this ratio is the total number of ultimate users for each specific company, and the denominator is the total number of ultimate users for all companies in which an allocator is assigned (i.e. LG&E, KU, LKS and PPL). For the second step, the ratio of LKS ultimate users, to total ultimate users will then be allocated to the other companies (LG&E, KU, and LKC) based on each company's ratio of LKS labor hours to total LKS labor hours. This ratio is calculated on an annual basis.

Vehicle Cost Allocation Ratio – Based on the costs associated with providing and operating transportation fleet for all affiliated companies including developing fleet policy, administering regulatory compliance programs, managing repair and maintenance of vehicles and procuring vehicles. Such rates are applied based on the specific equipment employment and the measured usage of services by the various company entities. This ratio is calculated monthly based on the actual transportation charges from the previous month. The numerator is the department labor charged to a specific company. The denominator is the total labor costs for the specific department. The ratio is then multiplied by the total transportation costs to determine the amount charged to each company.

Schedule XX - Organization Chart

1. Provide a graphical presentation of the relationships and inter relationships within the service company that identifies lines of authority and responsibility in the organization.

The following were officers of LKS as of December 31, 2021:

John R. Crockett III – President

- Lonnie E. Bellar - Chief Operating Officer
  - Steven B. Turner - Vice President, Power Generation
  - Thomas A. Jessee - Vice President, Gas Operations
  - Elizabeth J. McFarland - Vice President, Transmission
  - Eileen L. Saunders - Vice President, Customer Services
  - David S. Sinclair - Vice President, Energy Supply and Analysis
    - Ronald Scott Straight - Vice President, Project Engineering
  - John K. Wolfe - Vice President, Electric Distribution

- Kent W. Blake - Chief Financial Officer
  - Daniel K. Arbough - Treasurer
  - Robert M. Conroy - Vice President, State Regulation and Rates
  - Christopher M. Garrett - Controller

- David J. Freibert - Vice President, External Affairs

- Gregory J. Meiman - Vice President, Human Resources

- Mary C. Whelan - Vice President, Communications and Corporate Responsibility
  - Angie McDonald Evans - Vice President, Corporate Responsibility and Community Affairs

- John P. Fendig - Corporate Secretary
- Deborah C. Gregor - Assistant Corporate Secretary
- Eric Slavinsky - Chief Information Officer

Paul W. Thompson, President and Chief Executive Officer, announced his retirement, effective January 1, 2022.

John R. Crockett III, General Counsel, Chief Compliance Officer and Corporate Secretary, was named President, effective January 1, 2022.

Schedule of Professional Employees Transferred from LG&E or KU to Non-Utility Affiliates in 2021							
Name	Old Company	New Company	New Job Title	Old Job Title	Eff Date	Sal Plan	Union Code
Anderson,Hope Ciara	Kentucky Utilities	LG&E and KU Services Company	Engineer Co-op/Intern II	Engineer Co-op/Intern II	1/6/2021	99	
Ball,Dara	Kentucky Utilities	LG&E and KU Services Company	Billing Analysis Assoc Entry	Customer Representative II	11/15/2021	NE	
Fields,Cindy	Kentucky Utilities	LG&E and KU Services Company	Customer Services Tech Trainer	Lead Customer Representative	3/22/2021	EX	
Harrison,Amanda	Louisville Gas & Electric Co	LG&E and KU Services Company	Sourcing Lead I	Buyer II	7/12/2021	EX	
Harshfield,Edward J	Louisville Gas & Electric Co	LG&E and KU Services Company	Acting Mgr Meter Deployment	Team Ldr Gas Meter Shop	8/23/2021	MG	
Hussung,Mark A	Louisville Gas & Electric Co	LG&E and KU Services Company	Sr Environmental Engineer	Production Supv/Compliance	11/29/2021	EX	
Janisch,Tyson Scott	Louisville Gas & Electric Co	LG&E and KU Services Company	Grp Ldr Subst Eng & Design	Team Ldr Sub Relay Prot & Ctrl	5/31/2021	EX	
Jones,Nathan	Louisville Gas & Electric Co	LG&E and KU Services Company	Safety&Tech Train Cons Interm	Operator Qual Consult-Interm	5/3/2021	EX	
Limberg,Brian	Louisville Gas & Electric Co	LG&E and KU Services Company	Mgr Gen Dispatch & Trading	Manager - Production	11/1/2021	MG	
Mahaffey,Kelly Allen	Louisville Gas & Electric Co	LG&E and KU Services Company	Electric System Coordinator I	Electrical Operator A	3/22/2021	EX	
McIntire-Revak,Tina Marie	Louisville Gas & Electric Co	LG&E and KU Services Company	AMI Trainer	Sr Meter Associate	12/27/2021	EX	
Mensah,Lolonda Dornea	Louisville Gas & Electric Co	LG&E and KU Services Company	RSG Service Order Assoc Interm	Sr Customer Representative	10/18/2021	NE	
Miller,Shane Alan	Louisville Gas & Electric Co	LG&E and KU Services Company	Project Coord II Asset Mgmt	Lead Records Coordinator	5/31/2021	EX	
Owens-Sparks,Morgan Nicole	Kentucky Utilities	LG&E and KU Services Company	Customer Services Tech Trainer	Sr Customer Representative	3/8/2021	EX	
Pabian,Bradley	Kentucky Utilities	LG&E and KU Services Company	Mgr Generation Engineering	Mgr Engineering&Technical Srvc	4/5/2021	MG	
Platt,Stephanie L	Louisville Gas & Electric Co	LG&E and KU Services Company	Right Of Way Agent I	Eng Design Tech B - Dist Optns	8/23/2021	EX	
Satkamp,Mark C	Louisville Gas & Electric Co	LG&E and KU Services Company	Dir Gas Control & Storage	Mgr Gas Control	6/14/2021	SM	
Stark,Anthony Lee	Louisville Gas & Electric Co	LG&E and KU Services Company	ADMS Coordinator II	Facility Records Technician A	9/6/2021	EX	
Sutton,Matthew Alan	Kentucky Utilities	LG&E and KU Services Company	Safety Specialist I	Facility Records Tech III	4/19/2021	EX	
Taylor,Michelle Grace	Kentucky Utilities	LG&E and KU Services Company	Billing Integrity Team Leader	Facility Records Tech III	5/31/2021	EX	
Thomas,Guston Daniel	Kentucky Utilities	LG&E and KU Services Company	Mgr Civic Affairs	Area Retail Operations Mgr	7/26/2021	MG	
Wade,James Robert	Louisville Gas & Electric Co	LG&E and KU Services Company	Planning Analyst III	Mechanical Engineer III	11/1/2021	EX	
Weber,Nicholas	Louisville Gas & Electric Co	LG&E and KU Services Company	Meter Analyst II	Electric Meter Technician B	7/26/2021	EX	

COSTS OF JOINTLY OWNED SOLAR FACILITY

In 2016, LG&E and KU completed the construction of a solar facility at the EW Brown site owned by KU. This unit has an 8 MW net summer capacity and is jointly owned by LG&E (39%) and KU (61%). Capital costs of Brown Solar are allocated according to the 39% LG&E and 61% KU ownership split.

Automated allocations of costs using the Brown Solar ownership percentages are processed in the Oracle General Ledger system and generate intercompany transactions between LG&E and KU. Operation and maintenance costs are accumulated at KU and transferred to LG&E. At KU an intercompany receivable is debited and the appropriate expense is credited. LG&E debits the appropriate expense account and credits an intercompany receivable. The amounts are then netted with other intercompany transactions between LG&E and KU to establish an intercompany receivable for KU or LG&E and an intercompany payable for LG&E or KU.

In July 2019, the first of eight 500 kw sections of the Solar Share facility in Simpsonville, KY became operational, and in May 2020, a second 500 kw section was added. Two more 500 kw sections were added in June 2021. The Solar Share program allows Kentucky customers to pay a fee to subscribe to shares of each section of the solar array in 250-watt increments and receive energy credits for the solar energy produced. The land and the assets are jointly owned and operated by LG&E and KU. The ownership percentage of the land and of the arrays is 56% KU and 44% LG&E, based on the average number of each utility's Kentucky retail electric customers at the time of the land purchase. Operating costs are allocated based on the ownership percentage.