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

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

Unless otherwise specified, references in this Report, individually, to PPL Corporation, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company are references to such entities directly or to one or more of their subsidiaries, as the case may be, the financial results of which subsidiaries are consolidated into such Registrants' 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	Three Months Ended March 31, 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	Three Months Ended March 31, 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	Three Months Ended March 31, 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	Three Months Ended March 31, 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	Three Months Ended March 31, 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	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.

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	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	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		PPL Electric	
	March 31, 2021	December 31, 2020	March 31, 2021	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:

		March 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	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				December 31, 2020	
	Weighted - Average Interest Rate	Capacity	Commercial Paper Issuances	Unused Capacity	Weighted - Average Interest Rate	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."

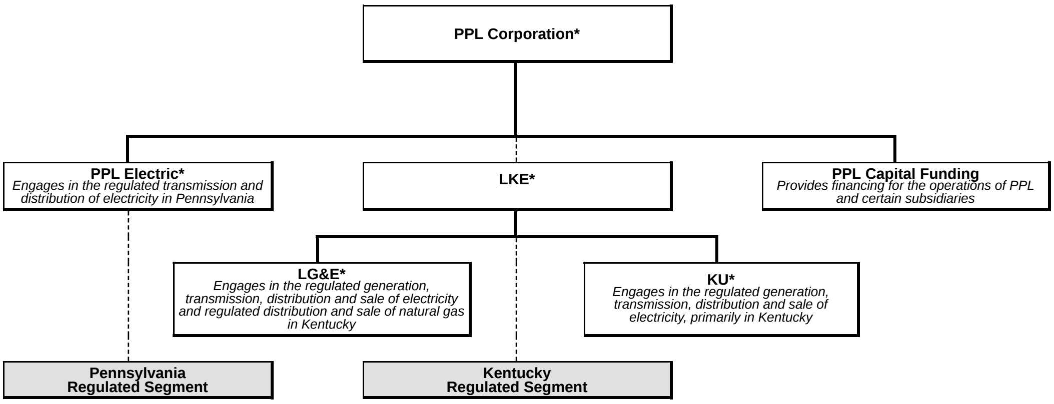
Overview

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.

		Three Months	
	Income Statement Line Item	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

Joseph P. Berstein, Jr.
By: 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

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
1EB281A7D964417
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, restate**d 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 Len*ders 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 :

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, i*n 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	:	Jennifer Espiner	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)

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: 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.